



Doing Business in Saudi Arabia:

2015 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business in Saudi Arabia

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Market Overview

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To date, the accession of His Majesty King Salman has been relatively smooth with little disruption to the Saudi economy. Saudi Arabia is the only Middle Eastern country among the G-20 members of industrialized states, and had a 2014 real GDP of approximately USD 777.9 billion. The public sector dominates the Saudi economy with oil accounting for 45% of GDP and nearly 90% of government revenues. A nascent manufacturing sector accounts for less than 10% of GDP. Economists project a fiscal deficit of 13.3% of GDP due to lower oil revenues, the government's rising salary bill and the costs related to military action in the region. There have been cuts in certain capital expenditure areas such as stadium construction and certain future Aramco petrochemical and refinery projects, though most current projects are moving forward and there has not been significant deterioration in the business climate resulting from lower oil prices. In fact, from January – May 2015, contract awards in Saudi Arabia increased nearly 25% from the same period last year to \$22 billion, while the value of awards in other Gulf countries has fallen. Given the continued drive towards economic diversification, there will be areas to increase off budget spending like programs to build affordable housing. Economic growth is forecast at 3% for 2015 and is expected to slow to 2.8% by 2019. Private sector growth continues to be driven by several major infrastructure projects including rail networks, housing, ports, and civil infrastructure.

The Saudi Government will continue towards economic diversification from oil, and improved living standards and expanded Saudi labor opportunities in the private sector will remain key Saudi priorities.

The United States exported USD 18.679 billion to Saudi Arabia in 2014, our second largest export market in the Gulf behind the UAE, and the Kingdom is America's 12th largest trading partner. Major U.S. exported products include passenger automobiles, trucks/buses, industrial machinery, construction/building equipment, civil aircraft, defense systems, IT, health care products.

Market Challenges

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Inflation:

Saudi inflation dropped to 2% year-on-year during first quarter 2015, which is the lowest inflation level in 9 years. The lowering of inflation was attributed to falling commodity prices and the strong U.S. Dollar. However, as Saudization and pressures for subsidy reform move forward, economists forecast inflation to hit 3.5% by 2017.

Commercial Disputes Settlements:

The enforcement of foreign arbitration awards for private sector disputes has yet to be upheld in practice. Furthermore, government agencies are not allowed to agree to international arbitration without approval from the Council of Ministers, which is rarely granted.

Intellectual Property Protection:

Intellectual property protection has steadily increased in the Kingdom. Over the last seven years, Saudi Arabia has comprehensively revised its laws covering intellectual property rights to bring them in line with the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). The Saudi Government undertook the revisions as part of Saudi Arabia's accession to the WTO, and promulgated them in coordination with the World Intellectual Property Organization (WIPO). The Saudi Government updated its Trademark Law (2002), Copyright Law (2003), and Patent Law (2004), with the dual goals of TRIPs-compliance and effective deterrence against violators. In 2008 the Violations Review Committee created a website and has populated it with information on current cases. The patent office continues to build its capacity through training, has streamlined its procedures, hired more staff, and reduced its backlog.

In September 2009, the King approved a mechanism to protect Exclusive Marketing Rights (EMR) for certain pharmaceutical products which lost patent protection when Saudi Arabia transitioned to a new TRIPS-compliant patent law in 2004. The Saudi Ministerial Council in December 2009 approved the Kingdom's accession to both the Intellectual Property Owners Association Patent Cooperation Treaty (PCT) and its Implementing Regulations and the Patent Law Treaty (PLT) adopted by the Diplomatic Conference in Geneva on June 1, 2000. The Council of Ministers issued a resolution on 23/11/1428H (December 3, 2007) approving the Law of Trademarks for GCC countries.

Counterfeiting:

Although anti-counterfeiting laws exist, manufacturers of consumer products and automobile spare parts are particularly concerned about the availability of counterfeit products in Saudi Arabia. The Saudi Government remains committed to stopping counterfeit products from entering into the country.

Standards and labeling:

As part of the GCC Customs Union, the six Member States are working toward unifying their standards and conformity assessment systems. However, each Member State continues to apply its own standard or a GCC standard. The Government of Saudi Arabia mandates that a Certificate of Conformity must accompany all consumer goods exported to Saudi Arabia. Labeling and marking requirements are compulsory for any products exported to Saudi Arabia. Industrial standards and conformity assessment remains the most significant trade issue affecting U.S. manufacturers.

Travel Advisories:

Americans visiting Saudi Arabia are advised to check the U.S. State Department's website at <http://travel.state.gov> for the latest information on travel to Saudi Arabia.

Market Opportunities

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Saudi Arabia has the largest IT market in the Gulf region, projected at approximately USD4.6 billion. Particularly important growth sectors include cyber security, smart grid, and command/control of major infrastructure utilizing geospatial IT systems. Saudi Arabia's ambitious rail plans are fuelling activity in the infrastructure sector, with USD 30 billion worth of contracts either under way or at the bidding stage. Major projects include the North-South railway, the Saudi Land Bridge, and the Mecca-Medina railway. In addition to both light rail and heavy rail, Saudi Arabia also seeks to expand intermodal connectivity of various transportation modes including maritime shipping, buses, rail and airport expansion.

The state-owned utility Saudi Electricity Company (SEC) intends to invest USD70 billion by 2018 to add 22MW to the nation's power-generating capacity in order to meet the growing demand from a rapidly increasing population. SEC's goal is to reach a power-generation capacity of 65,000 MW by the end of 2018. SEC will also invest in personnel training as it continues to evolve into a regional supplier and distributor of electricity.

Over the long term, Saudi Arabia is expanding minerals mining and diversification of downstream petrochemicals in order to develop a strong manufacturing base for entire automobiles, electronics and life science technologies. The purpose is to create highly technical and high paying jobs for Saudi nationals.

The Saudi healthcare market is expected to continue to provide excellent opportunities for U.S. firms. The government healthcare budget in 2015 increased almost 50% to \$43 billion reflecting the high priority the sector plays in Saudi government planning. With a new dynamic, market-oriented Health Minister, the Saudi healthcare sector is expected to open up further to public-private partnerships. As Saudi Arabia implements a ten year plan to build five medical cities in the Kingdom, U.S. e-health and hospital management solutions and medical devices will continue to find solid opportunities.

Market Entry Strategy

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Although American exporters are not required to appoint a local Saudi agent or distributor to sell to Saudi companies, we strongly recommend that all new-to-market U.S. companies consider partnering with a local company for the purposes of monitoring business opportunity, navigating import and standards testing regulations and identifying public sector sales opportunities. For complete information and regulations on registering a business in Saudi Arabia, please visit the Saudi Arabia Government Investment Agency (SAGIA) at www.sagia.gov.sa.

Although the Saudi Government encourages foreign investment, a U.S. firm is strongly encouraged to seek in-country legal counsel on the best approach. The U.S. Commercial Service can assist by providing a list of local attorneys, which may be associated with American law firms.

The U.S. Department of Commerce in Saudi Arabia assists U.S. exporters and service companies to identify market opportunity, business partners, and are regularly advocating greater transparency in commercial matters relating to industry standards, commercial rule of law, and public procurement.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

www.state.gov/r/pa/ei/bgn/3584.htm

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Using an Agent or Distributor

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American exporters are not required to appoint a local Saudi agent or distributor to sell to Saudi companies, but commercial regulations restrict importing for resale and direct commercial marketing within the Kingdom to Saudi nationals, wholly Saudi-owned companies, and Saudi-foreign partnerships where the foreign partner holds 25% equity. Nationals from the [Gulf Cooperation Council](#) (GCC) countries, which include Saudi Arabia, Kuwait, Qatar, Oman, Bahrain, and the UAE, are also allowed to engage in trading and retail activities, including real estate. Agent/distributor relations are governed by the Commercial Agency Regulations of the Kingdom of Saudi Arabia that is administered by the Ministry of Commerce and Industry. Saudi business people cannot act as commercial agents unless their names are entered into the Register maintained by the Ministry of Commerce and Industry.

In July 2001, the Council of Ministers cancelled a decree compelling foreign companies with government contracts to appoint a Saudi service agent. The old decree also specified a maximum commission of 5%. Some government contracts, however, still require a minimum participation by a Saudi entity. In addition, government contracts typically include a clause requiring training programs for Saudis. Even though it is no longer legally required, we recommend that U.S. companies seeking to do business with Saudi government agencies appoint a Saudi service agent. The sales commission paid to the Saudi service agent is justified by the relatively quick and easy access to the appropriate government decision-maker. The [U.S. Commercial Service in Saudi Arabia](#) can help U.S. companies find a reputable Saudi account executive (service agent).

Sales commissions are entirely negotiable between the U.S. party and the Saudi agent or distributor, but typically range from 3 to 10 percent, depending on the product or

service and the duties required of the service agent. Whether or not sales commissions are to be paid, and the percentage thereof, should carefully be spelled out in any agency or distribution contract.

Terminating an agent/distributor agreement can be difficult even though Saudi policy has changed to permit registration of a new agreement over the objections of the existing distributor. While most prospective Saudi agents and/or distributors generally prefer exclusive agency contracts, these are by no means required. Given the close-knit nature of business circles in Saudi Arabia, replacing an agent or distributor could damage a U.S. firm's reputation if not handled sensitively. A U.S. company should at all costs avoid being viewed as lacking adequate commitment to its Saudi business relationships. Saudi agents may request "parting compensation" in the event the foreign exporter decides to dissolve a business relationship. Since this is a common practice in this market, U.S. companies should address this eventuality prior to executing a contract.

U.S. firms interested in the Saudi market are cautioned against trying to use lists of importers for "cold calls" on prospective agents. Saudis prefer to do business with someone only when they have been properly introduced and have met face-to-face. To help dispel reluctance on the Saudi side, an introduction by a "go-between" typically serves to vouch for the reliability of both parties. The U.S. Commercial Service in Saudi Arabia performs just this sort of introduction for U.S. companies as part of its ["Gold Key" matching service](#) (available to U.S. companies *exclusively*). Other appropriate third parties for such introductions include other Saudi firms, U.S. companies that have successfully done business in Saudi Arabia, banks, trade associations, and chambers of commerce.

The Saudi legal system, known as *Shari'a*, is based on the Koran and Hadith (sayings of the Prophet) and differs considerably from U.S. practice. The Saudi Government has earmarked nearly \$2 billion to overhaul its judicial system and court facilities in an effort to streamline the legal process. Royal Decree M/78 dated October 1, 2007, approved the Charter of the Judiciary System and the Charter of the Board of Grievances, and implemented relevant mechanisms.

American firms contemplating an agency or distribution agreement are strongly urged to consult with a local attorney and have a legally binding contract drawn up, setting forth in detail the rights and obligations of all parties, how and when sales commissions are to be paid, and how and in what venue any disputes are to be settled. A list of local law firms is available on the website of the [U.S. Embassy in Riyadh](#), Saudi Arabia.

The U.S. Commercial Service, through its domestic U.S. Export Assistance Centers and overseas offices in Embassies and Consulates, offers a variety of services to assist American firms in selecting a reputable and qualified representative. In Saudi Arabia, the [U.S. Commercial Service](#) maintains offices in the capital, Riyadh, and in the regional business centers of Jeddah and Dhahran. CS Saudi Arabia's [Gold Key Matching Service](#) is a personalized and targeted matchmaking service that combines an orientation briefing, a profile of each Saudi prospect, interpreter services for meetings, a Commercial Specialist from the Embassy to escort you to your meetings, and assistance in developing follow-up strategies. The [International Company Profile](#) provides background information on potential partners. These services are available to U.S. companies exclusively.

The procedures to establish an office in Saudi Arabia differ according to the type of business undertaken. The most common and direct method is simply to appoint an agent/distributor who can set up the office under its own commercial registry. The agent/distributor agreement should be registered with the [Ministry of Commerce and Industry](#). The Commercial Agency regulations govern the agent/distributor agreement.

Technical and Scientific Service Office: The office requires a license from the Ministry of Commerce and Industry. This approach preserves the independence and identity of the foreign company and provides for more leeway in managing and marketing the company's products or services. Technical and scientific service offices are not allowed to engage directly or indirectly in commercial activities, but they may provide technical and advisory support to Saudi distributors, as well as conduct market surveys and product research.

Branch Office: Saudi Arabia's [Foreign Investment Law](#) allows international companies the possibility of 100% ownership of projects and property required for the project itself, while enabling them to retain the same incentives given to national companies. A branch office involves a more direct presence than a commercial agent. Branch offices are largely restricted to an administrative role and may not engage in trading activities. Nevertheless, a branch office can be very useful as a liaison presence for a U.S. company. A branch office offers the benefits of a physical presence without the formal requirements of a joint venture company. An U.S. company can open an independent branch office without a Saudi partner. Its parent company must accept full responsibility for all work undertaken by the branch office in Saudi Arabia.

Independent Office: To establish an office in Saudi Arabia, a foreign company needs to submit to related Saudi authorities a copy of its articles of association as incorporated in the country of origin, a copy of its commercial registration, a written approval by the board of directors of the company, its chief executive officer/president or a similar entity related to their decision to open a subsidiary office stating the name of the city and the name of the subsidiary's manager. All aforementioned documents are to be attested as required. The authorization to the applicant has to be attested by the Saudi Embassy in Washington, D.C.

Liaison Office: A liaison office is normally granted only for companies that have multiple contracts with the Government and require a local office to oversee contract implementation. Representative offices are not allowed to engage in direct or indirect commercial activity in the Kingdom. Founding a business establishment requires a license from the Ministry of Commerce and Industry.

Joint Venture: A company can establish a joint venture with a Saudi firm. Usually, the Saudi business community refers to limited liability partnerships as joint ventures. These partnerships must be also registered with the Ministry of Commerce and Industry and the partners' liabilities are limited to the extent of their investment in the partnership.

Finally, foreign companies can get a license from the [Saudi Arabian General Investment Authority](#) (SAGIA) to set up an industrial or a non-industrial project in Saudi Arabia.

SAGIA will license projects under the new Foreign Investment Act, which allows for 100% foreign ownership. In addition, foreign investors can open a sales/administration/marketing office to complement their industrial or non-industrial project. SAGIA has a broad mandate on all matters relating to foreign investments in industry, services, agriculture, and contracting.

The Companies Law is the principal body of legislation governing companies. Saudi company law recognizes eight forms of companies. The most common forms are limited-liability companies (LLC), joint stock companies, general partnerships and limited partnerships. The less common company forms are partnerships limited by shares and joint ventures. Apart from the above, *Shari'a* law specifies a number of other types of companies, which cannot, however, be used by foreign investors. In practice, foreign companies usually establish LLCs. Partnerships and joint stock companies are only established in exceptional cases.

LLCs are a popular corporate vehicle among foreign investors in Saudi Arabia because they are simple to establish and administer and the personal liability of each of the partners is limited to the individual partner's contribution to the company's share capital. Costs of doing business in Saudi Arabia are substantially lower than those in the West. Commercial and industrial rents average is \$5.33 to \$26.67 per square meter per year. The rate is much lower in industrial cities, where it is at \$0.021 per square meter per year. Rentals for residential accommodation can vary immensely depending on location and quality of housing. With respect to utilities, electricity costs are at \$0.027 per Kwh for industrial use. Water costs range from \$0.027 to \$1.6 per cubic meter depending on the number of bands. Employee costs vary based on the employee's status, position, and relevant experience.

Franchising

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Franchising is a popular and successful approach to establish consumer-oriented businesses in Saudi Arabia. The franchise market is rapidly expanding in a variety of business sectors. According to a local study, the Saudi franchise market is expected to grow an average of 10-12% annually over the next three years. The same study projects the value of paid fees and royalties at more than SR 1.2 billion (\$323 million). The growth in this sector is based on Saudis' desire to own their own business and a widely held appreciation for western methods of conducting business. American franchises dominate the market and more U.S. brands have recently obtained a foothold here, including Gap, Krispy Kreme, TGIF and Curves. American companies face growing competition from local and foreign companies in the following sectors: car rental agencies, fast food and business services. Franchising opportunities are known to exist in many business categories, including apparel, laundry and dry cleaning services, automotive parts and servicing, restaurants, mail and package services, printing, and convenience stores. There are more than 300 foreign companies that have founded franchises in Saudi Arabia. Kuwaiti investors own a disproportionately high number of U.S. franchises in Saudi Arabia.

To establish a franchise in Saudi Arabia, a foreign franchisor must select a franchisee and register the franchise. The franchisor must be the original one, and may not be a third-country franchisor. All franchise agreements follow the Saudi Commercial Law and must be approved by the Ministry of Commerce and Industry. A foreign company is strongly urged to consult with an attorney familiar with Saudi law before establishing,

changing, or terminating a franchise agreement.

Direct Marketing

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Direct marketing is not widely used in Saudi Arabia. Personal relations between vendors and customers play a more important role than in the West. Furthermore, many forms of direct marketing practiced in the United States are unacceptable due to Islamic precepts regarding gender segregation and privacy at home. Limitations in the Saudi postal system are also a constraint, though. A new mail delivery system called *Wasef* delivers mail and parcels to residences. The Saudi Post set up a company named *Nagel*, which is a joint project with the private sector and aims to upgrade Saudi Post's competitive capabilities and develop its services.

Direct marketing has been conducted on a very limited basis using unsolicited mail campaigns and fax, catalog sales (with local pick-up or delivery arranged), and commercials on satellite television providing consumers with a local telephone number to arrange delivery. Extensive consumer surveys are being undertaken, mainly on behalf of multi-national manufacturers and particularly in the consumer goods sector.

Joint Ventures/Licensing

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Under the [Foreign Investment Law](#), a foreign investor may either set up his/her own project or do so in association with a local investor. If the latter option is chosen, foreign investors may structure their enterprise as a limited-liability company, which is the most commonly used approach. By law, the minimum capital of an LLC with foreign participation is SAR 500,000. The required amount is increased to SAR 1,000,000 for industrial projects and SAR 25,000,000 for agricultural projects. The Board of Directors of SAGIA may reduce the minimum invested capital requirement in projects established in specified areas, in export projects or those which require considerable technical experience. Limited-liability companies must have at least two, but not more than fifty shareholders. The Ministry of Commerce and Industry must approve formation of all joint ventures.

Most foreign companies prefer to establish a limited-liability company (LLC) because it is simple to incorporate and manage. Limited-liability companies can be owned 100% by foreign investors or have a mixed ownership. Licenses should be obtained from the [Saudi Arabian General Investment Authority](#) (SAGIA). Foreign companies may qualify for a favorable tax treatment or other economic incentives from the Saudi Government, especially if Saudi investors join in the newly formed company's capital.

According to Article 52 of the Company Law, the establishment of a joint-stock company generally requires an authorization from the Minister of Commerce and Industry after reviewing a proposed company's "feasibility" study. The law requires the authorization through a Royal Decree based on the approval of the Council of Ministers for the formation of any joint-stock companies with concessions, undertaking public sector projects, receiving assistance from the State, in which the State or other public institutions participate, or for joint-stock companies engaging in a banking business. In general, the provisions applicable to the administration of joint-stock companies are more detailed than those applicable to limited liability companies.

The [Investors Service Center](#) (ISC) at the Saudi Arabian General Investment Authority (SAGIA) oversees all matters related to foreign investor licensing and registration process. The ISC is intended as a one-stop shop that will assist foreign investors and minimize lengthy procedures. Another very significant change in the Foreign Investment Act is the reduction in the corporate tax rate for foreign companies with profits in excess of \$26,000 a year. It lowers the maximum rate from 45 to 20% and allows companies to carry forward corporate losses for an unspecified number of years.

Depending on the nature of the foreign investment, the [Saudi Arabian Standards Organization \(SASO\)](#) may be involved. SASO is the Saudi authority for establishing product standards for imports and locally manufactured goods. The [Communications and Information Technology Commission \(CITC\)](#) also has authority on imported telecommunications and IT products and services. Recently, the CITC has taken a more proactive role and has published a number of specifications relating to various products and services within its jurisdiction.

The [Saudi Industrial Development Fund](#) (SIDF) may be engaged to provide up to 50% financing for approved industrial projects, and payback period could be up to 15 years. Market intelligence also is available through the SIDF for prospective investors. Other Saudi Arabian Government entities that may be involved in the process include the [Ministry of Foreign Affairs](#) (visas), the Ministry of Interior (residence permits and industrial safety and security approvals), the [Royal Commission for Jubail and Yanbu](#) (if the project is in those industrial cities), the [General Organization for Social Insurance](#) (social insurance and disability payments for Saudi employees), and the [Technical and Vocational Training Corporation](#) (training programs for Saudis).

Selling to the Government

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In 2001, the Saudi Council of Ministers repealed a 25 year-old decree requiring foreign contractors to have a Saudi agent in order to bid for contracts. Under the new decree, foreign companies interested in operating in Saudi Arabia without a Saudi agent can open offices and appoint representatives to pursue business opportunities directly with various government agencies and departments.

There is no central tender board in Saudi Arabia. Every government agency has full contracting authority. Foreign companies interested in bidding on a government project must make themselves known to that specific government agency/ministry offering the project. When a project becomes available, the government agency/ministry selects bidders from a list of prequalified/known companies and invites them to bid for that particular project. The law states that all qualified companies and individuals will be given opportunities in dealing with the Government and will be treated equally. The law also states that locally manufactured products and those of a non-Saudi origin of equal quality will have priority in dealing with the Government. Saudi Government Contracting and Procurement Law also affirms that all government bids be announced in the official gazette *Umm al-Qoura* (Arabic), in two local newspapers, as well as in the electronic media. Projects which do not have a contractor must be advertised both inside and outside Saudi Arabia.

Foreign companies can provide services to the Saudi Arabian government directly without a Saudi service agent, and can market their services to other public entities through an office that has been granted temporary registration. Foreign suppliers

working only for the government, if not already registered to do business in Saudi Arabia, are required to obtain a temporary registration from the Ministry of Commerce and Industry within 30 days of contract signing. Foreign investment regulations also allow foreign companies to establish a branch office. In 2003, the Saudi Council of Ministers required increased transparency in government procurement. The contract information to be made public includes: parties, date, financial value, brief description, duration, place of execution, and point of contact information.

Several royal decrees that strongly favor GCC nationals apply to Saudi Arabia's government procurement. (However, most Saudi defense contracts are negotiated outside these regulations on a case-by-case basis.) Under a 1983 decree, contractors must subcontract 30% of the value of any government contract, including support services, to firms majority-owned by Saudi nationals. An exemption is granted where no Saudi-owned company can provide the goods and services necessary to fulfill the procurement requirement.

The tender regulations require that preferences be given in procurements to Saudi individuals and establishments and other suppliers in which Saudi nationals hold at least 51% of the supplier's capital. The tender regulations also give a preference to products of Saudi origin that satisfy the requirements of the procurement. In addition, Saudi Arabia gives priority in government purchasing to GCC products. These items receive up to a 10% price preference over non-GCC products in all government procurements in which foreign suppliers participate. Foreign suppliers that participate in government procurement are required to establish a training program for Saudi nationals.

As a practical matter, American companies seeking sales of goods and services to the Saudi Government are encouraged to appoint a reputable agent or distributor with experience in the field. American firms considering sales to the Government should request a briefing from the [U.S. Commercial Service in Riyadh, Jeddah, or Dhahran](#) on the latest situation on payments and how U.S. firms can protect and secure timely disbursements.

Distribution and Sales Channels

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There are three major distribution and sales regions in Saudi Arabia: the Western Region, with the commercial center of Jeddah; the Central Region, where the capital city of Riyadh is located; and the Eastern Province, where the oil and gas industry is heavily concentrated. Dammam is the capital city of the Eastern Province, and its metropolitan area includes the contiguous cities of Dhahran and Al-Khobar. Each city has a distinct business community and cultural flavor, and there are only a few truly "national" companies dominant in more than one region.

American exporters may find it advantageous to appoint different agents or distributors for each region having significant market potential. Multiple agencies and distributorships may also be appointed to handle diverse product lines or services. Multiple agencies and distributors can present logistical and management difficulties, so U.S. firms, particularly in the franchise sector, often choose to appoint a master franchisor or distributor for states of the Gulf region, which includes Saudi Arabia, Kuwait, Qatar, Bahrain, Oman, and the UAE.

While there is no statutory requirement that distributorships be granted on an

exclusive basis, it is clearly the policy of the Saudi Ministry of Commerce and Industry that all arrangements be exclusive with respect to either product line or geographic region.

Selling Factors/Techniques

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Expatriate managers have had a strong influence in introducing advanced selling techniques into a market that relied heavily on word-of-mouth and established buying patterns until a few years ago. Saudi consumers are increasingly becoming more discerning and sophisticated. Although details of a transaction can be handled electronically, no serious commitment is likely to be made without a face-to-face introduction. Business cards are usually printed in English on one side and Arabic on the other.

Saudis are gracious hosts and will try to put a visitor at ease, even during arduous business dealings. A large portion of upper and middle class Saudis were educated in the United States or in Europe.

Financing and credit facilities may be offered as part of a sales proposal, usually after a solid relationship has been established. Passed in 2003, the [Capital Market Law](#) (CML) created the [Saudi Stock Exchange](#) (Tadawul), as well as the [Capital Market Authority](#) (CMA) charged with overseeing and regulating the Exchange. The law established a new regulatory framework designed to encourage greater participation in the financial market. It also established Tadawul as the exclusive securities market in Saudi Arabia. The [Capital Market Authority](#) was created to ensure that Saudi Arabia's capital markets operate fairly, transparently, and efficiently.

The CML provides for the establishment of two committees to settle securities disputes, the Committee for the Resolution of Securities Disputes (CRSD) and the Appeals Panel. The CRSD has jurisdiction over disputes falling under the provisions of the Capital Market Law, the rules and regulations issued by the CMA, and the Stock Exchange. The Appeals Panel, which was formed by the Council of Ministers, will hear appeals against decisions issued by the CRSD. A decision issued by the CRSD may be appealed to the Appeal Panel within thirty days of the notification date. CML also created the Securities Deposit Center (SDC), which is operated by Tadawul, the Saudi Stock Exchange Company. SDC is in charge of managing deposits, transfers, settlements, clearing, and registration of all Saudi securities on the exchange. Other entities created by the CML include the Department of Authorization and Inspection; and Corporate Finance, Enforcement and Market Supervision.

The Government has liberalized the wholesale, retail, and franchise sectors, allowing foreign investors to establish joint ventures and retain a 51% share. The foreign partner's capital requirement is set at \$5.3 million and his equity share can be increased to 75% after 3 years from the contract date. All industrial enterprises are open to non-Saudis, and they can also trade in the products they manufacture. Restrictions on individual professions also are in force, such as who can practice law, medicine, accounting and financial services, architect and engineers, and other similar professions. A Saudi joint-venture partner is a requirement for any entity or individual to practice the above-mentioned professional services.

Many Saudi companies handle numerous product lines (sometimes even competing

product lines), making it difficult to promote all products effectively. Saudi agents typically expect the foreign supplier to assume some of the market development costs, such as hiring of dedicated sales staff (especially for high-tech or engineered products), setting up workshops and repair facilities, and funding local advertising. Foreign suppliers often detail a sales person to the Saudi distributor to provide marketing, training, and technical support. Absent such an arrangement, American firms should expect to make frequent, periodic visits each year to support their Saudi distributor.

Electronic Commerce

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Electronic Commerce in Saudi Arabia is projected to reach USD 13 billion in sales by 2015, according to industry projections. Approximately one in four Saudi Internet users are already aware of and use e-commerce sites. There are nearly 70 million web site hits per month. User growth continues to expand at an estimated 9.3 percent per annum. Current e-commerce market share shows that souq.com is the largest entity in the Kingdom with a 13 percent market share. Sukar.com (8 percent), Namshi (7 percent), and MarkaVIP (5 percent) dominate the b2c market space.

E-commerce still has inherent difficulties in growing even more quickly. Saudi consumers continue to favor cash on delivery as the most common method of payment. Saudi e-commerce b2c websites would need to grow in credit card payment methods or pay pal in order to significantly increase e-commerce market potential. Payment gateways are being developed to address this issue. With Saudi Arabia being the second largest market for spam e-mail, improved cyber security will afford greater consumer trust in e-commerce transactions.

Internet users in Saudi Arabia increased to over 13 million, which accounts for over 49% if the total population. Almost half of all Saudi Internet users reported that they purchased products and services online and through their mobile handsets. The Saudi Government has already passed a number of regulations to control and monitor electronic transactions, *i.e.*, regulations for e-transactions and cybercrime.

Additionally, the government has allocated close to \$800 million to implement the e-government initiative. A published report has mentioned that in order to drive Saudi Arabia's e-government initiative forward, the YESSER program (an Arabic word meaning "to facilitate") was launched by the government to develop the first National e-Government Strategy and Action Plan which will be implemented within the next five years. The YESSER program's role is to enable the implementation of individual e-government services by ministries and other government agencies, on the one hand, by building the national infrastructure and defining common standards which these agencies can use; and on the other hand by providing best practice examples and accompanying implementation of pilot services. Moreover, YESSER will ensure an appropriate level of coordination and collaboration between implementing agencies. The vision for Saudi Arabia's e-government initiative is user-centric and aims at providing better government services to the user. It is understood that users are individuals (citizens and expatriates), businesses and government agencies.

Trade Promotion and Advertising

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[The U.S. Commercial Service in Saudi Arabia](#) organizes a number of annual trade events, including the recruitment of official Saudi buyer delegations to [International](#)

[Buyer Program](#) events in the United States as well as Trade Missions, promotion of trade events in Saudi Arabia, the USA and in other countries, *etc.*

Advertising: Companies seeking to develop an advertising and/or a promotional campaign will find highly experienced advertising agencies in Jeddah and Riyadh that can prepare a full campaign whether in print media, radio, or television. Already resident in Saudi Arabia are Porter Novelli, Akeel Saatchi and Saatchi, Hill and Knowlton Strategies, Asda'a Burson-Marsteller, and TERAACS Saudi Arabia.

Advertising, especially on satellite television, is rapidly expanding, but commercials have to conform to religious and ethical codes. With some minor exceptions, the female human form is not culturally or religiously acceptable in the media. The Saudi monopoly on television broadcasting was broken with the introduction of satellite television, which also forced TV advertising rates to come down.

Saudi companies have opted to run commercials through international satellite TV channels such as the Middle East Broadcasting Corporation (MBC) and Arab Radio and Television. Other Arabic satellite channels that also have proved to be popular in the Arab world include LBC, Future Television, Dubai One TV, Dubai TV, New TV, Channel 2, MBC 2 and MBC 4. Many Saudi companies place commercials on these channels as well as on two pan-Arab news channels, Al-Arabiya and Al-Jazeera channels. In addition, two encrypted TV networks each provide approximately 30 channels for an average subscription of \$1,000 per year. The networks include Orbit Communications and ShowTime.

Newspaper advertising is carried in both the local English and Arabic press, but its effectiveness is somewhat limited by relatively low readership rates. The two local English dailies, [Arab News](#) and the [Saudi Gazette](#), have an average circulation in the range of 35,000 copies. The leading Arabic newspapers, with nationwide distribution, have circulations in the range of 70,000 to 100,000: Al-Hayat, Al-Riyadh, and Okaz. Other relevant newspapers have lower circulations, and some have only regional distribution. The principal papers are Al-Bilad, Al-Jazirah, Al-Madina, Al-Nadwa, Al-Yaum, Um Al-Qoura, Al-Watan, Al-Riyadiya (sports only). The economic daily Al-Eqtisadiyah has rapidly earned a loyal readership of executives and government officials. Trade promotion events take place from September through June, with most of exhibitions held in the modern exhibit centers in Saudi Arabia's three major cities, [Riyadh](#), [Jeddah](#) and [Dhahran](#). Smaller exhibition facilities are also located in regional centers, and often operate in cooperation with or under the sponsorship of a local chamber of commerce. Most chambers have a proactive approach to promotion and trade, organizing shows and presentations for individual companies or groups, and have been eager to attract American and other Western suppliers.

Pricing

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The government maintains a free-trade approach and, since 1981, the [Saudi Arabian Monetary Agency](#) (SAMA, the Central Bank), has pegged the Saudi riyal to the U.S. dollar to facilitate long term planning and minimize exchange risk for the private sector. As such, Saudi importers expect American producers to practice a more stable pricing policy than their foreign competitors. In the last couple years, there have been numerous speculations that the Saudi Government would revalue the riyal, but SAMA has consistently stated that it has no intention to do so, and given SAMA's huge stock of

foreign assets, there does not appear to be a need.

Products are usually imported on a CIF basis, and mark-ups depend almost entirely on what the vendor feels the market will bear relative to the competition. There is no standard formula to come up with the mark-up rates for all product lines at different levels in the relatively short distribution chain.

Contrary to popular belief, pricing is very important to the average Saudi. Therefore, where there are competitive products, Saudi buyers frequently will compare prices before making a decision. For the American supplier, some give-and-take is expected in preliminary negotiations.

Sales Service/Customer Support

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Saudi Arabia is a relatively open market, which makes it highly competitive. Brand loyalty and established preferences are less developed than in some other countries. Consequently, sales service and customer support is indispensable to win and maintain new clients.

Saudis view a foreign firm's physical presence in the Kingdom as a tangible sign of a long-term commitment. Prompt delivery of goods from available stock and the presence of qualified support technicians have become more important, and they influence repeat business much more now than ten or even five years ago. Government agencies usually require equipment suppliers to commit to providing maintenance and spare parts for an average of three years.

Protecting Your Intellectual Property

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Protecting Your Intellectual Property in Saudi Arabia

Several general principles are important for effective management of intellectual property ("IP") rights in Saudi Arabia. First, it is important to have an overall strategy to protect your IP. Second, IP may be protected differently in Saudi Arabia than in the United States. Third, rights must be registered and enforced in Saudi Arabia, under local laws. For example, your U.S. trademark and patent registrations will not protect you in Saudi Arabia. There is no such thing as an "international copyright" that will automatically protect an author's writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Granting patents registering are generally is based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Saudi Arabia market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government cannot enforce rights for private individuals in Saudi Arabia. It is the responsibility of the rights' holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP

consultants who are experts in Saudi Arabia law. The U.S. Commercial Service can provide a list of local lawyers upon request <http://photos.state.gov/libraries/saudi-arabia/231771/pdfs/list-of-law-firms-040714.pdf>.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Saudi Arabia require constant attention. Work with legal counsel familiar with Saudi Arabia laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Saudi Arabia or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit www.uspto.gov.

- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.stopfakes.gov/business-tools/country-ipr-toolkits**. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Department of Commerce has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Saudi Arabia at:
Aisha Y. Salem
Middle East and North Africa
American Embassy P. O. Box 77 Safat 13001, Kuwait
Office Phone: +965 2259 1455
Email: aisha.salem@trade.gov

Due Diligence

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The [U.S Commercial Service in Saudi Arabia](#) prepares the [International Company Profile \(ICP\)](#) report, which provides detailed information on a specific Saudi company and comments based on information from the U.S. Embassy's Commercial Section.

Local Professional Services

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There are service providers in Saudi Arabia offering professional services to foreign and domestic firms alike. [The U.S. Commercial Service](#) maintains a list of such Business Service Providers on its website; these local “BSPs” pay a nominal fee for an annual listing.

The websites of the U.S. Embassy in Riyadh and the U.S. Consulates General in Dhahran and Jeddah provide access to various business-support networks, including lawyers, translators, and a representative group of other service providers that offer their professional services to U.S. exporters and investors interested in Saudi Arabia:

[U.S. Embassy – Riyadh](#)
[U.S. Consulate General – Dhahran](#)
[U.S. Consulate General – Jeddah](#)

Web Resources

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[KACST](#)
[Saudi Arabian General Investment Authority \(SAGIA\)](#)

Saudi Arabian Standards Organization (SASO)
Saudi Industrial Development Fund
Saline Water Conversion Corporation
Water and Electricity Company
Saudi Telecommunications Company
Foreign Credit Insurance Association
Riyadh Exhibitions Company
Saudi Aramco
Saudi Arabian Monetary Agency (SAMA)
Al-Harithy Company for Exhibitions (Jeddah)
GCC Patent Office
Ministry of Commerce and Industry
Dhahran International Exhibitions Company
www.arabianbusiness.com

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Engineering and Architectural Services \(ACE\)](#)
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- [Electrical Power Systems \(ELP\)](#)
- [Water Resources Equipment \(WRE\)](#)
- [Security and Safety \(SEC\)](#)
- [Education and Training \(EDU\)](#)
- [Information and Communication Technology \(ICT\)](#)
- [Health Industries \(HLT\)](#)
- [Oil and Gas Field Machinery \(OGM\)](#)
- [Defense Industry Equipment \(DFN\)](#)
- [Automotive \(AUT\)](#)

Agricultural Sectors

- [Agricultural Export Guide](#)

Engineering and Architectural Services - ACE

Overview

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Government priorities are shaping trends in architecture and design in Saudi Arabia and the government continues to invest heavily in infrastructure development as it moves to diversify its economy and respond to the needs of a young, growing population seeking employment opportunities. Despite budget deficits and lower oil prices, Saudi's construction sector remains strong as the country builds the infrastructure necessary for its "new economy" model based on knowledge industries, local manufacturing and capacity building of the Saudi labor force. Economic Cities are the foundation of the country's strategy to diversify into sectors like healthcare, life sciences, automotive, information technology, logistics, alternative energy and advanced manufacturing. These cities are massive construction projects that require urban planners, civil engineers and project management services. In addition to government initiatives, the market for architectural design in Saudi Arabia is driven by regional competition and the status that bold and innovative designs confer on emerging economies. Saudi Arabia and the United Arab Emirates compete for the world's tallest buildings, the world's largest hotels and both compete against Qatar for urban skylines, sports stadiums, shopping malls and luxury hotels.

The goal to decrease dependence on petroleum is generating demand for more energy-efficient building designs and the Kingdom is becoming a regional leader in this area. It is estimated that 70% of electricity consumption in Saudi Arabia is used for air conditioning. The Saudi Green Building Forum (SGBF) was recently established as the country's official organization in charge of promoting sustainable construction. The U.S. Green Building Council's LEED rating system is recognized in projects in Saudi Arabia and SGBF is the sole authorized Education Delivery Partner for LEED. There are currently at least sixteen certified LEED projects in Saudi Arabia, including King Abdullah Financial District, the world's largest LEED-registered project, and King Abdullah University of Science and Technology, the world's largest LEED Platinum project. Standards are being developed for "green" construction as well as building materials, appliances, electronic systems and HVAC applications, with U.S. building codes increasingly being adopted by Saudi standards bodies.

In the area of human capital and capacity building, Saudi Arabia is investing in its domestic talent pool of architects, urban planners and construction project managers through academic programs in architecture, planning and design at King Saud University, King Fahd University, King Abdulaziz University and King Abdullah University of Science and Technology.

Sub-Sector Best Prospects

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Target sectors holding high potential for U.S exporters include: Master planning, regional design and urban planning; urban port re-development and related design of boardwalks, corniches, buildings, retail space and parks; hospitals and healthcare architecture; hospitality; transportation infrastructure facilities including

airports and seaports; architecture and engineering services for mixed-use projects; sports and entertainment complexes; educational facilities and college campuses.

Opportunities

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Transportation Infrastructure

Upgrades to airports are in various stages of the tendering process, including expansions to the major airports in Riyadh and Jeddah. Several major rail projects are in the pipeline and contracts have yet to be awarded for the design of the Saudi Land Bridge that will connect ports on the Red Sea to ports in the Arabian (Persian) Gulf. Saudi Arabia is also part of a GCC regional rail initiative that is currently in the design phase and that will connect passenger and freight traffic in the six countries of the GCC through a 1,400 mile rail network.

Economic Cities

There are six Economic Cities in various stages of development located across the Kingdom in urban areas surrounding Tabuk, Medina, Rabigh, Hail, Jazan and Eastern Province. King Abdullah Economic City (KAEC) is the flagship Economic City located north of Jeddah. Completion dates for some of these cities are as far out as 2035 and will thus generate long-term opportunities for urban planners, design engineers and project managers.

Housing/Residential Infrastructure

The government recently announced a national housing strategy to build over 500,000 new homes at a cost of almost \$70 billion to address the shortage of affordable houses.

Trade Missions

The U.S. Department of Commerce, in cooperation with the American Institute of Architects and the American Council of Engineering Companies (ACEC), is organizing an Architecture and Engineering Services Trade Mission to the United Arab Emirates and the Kingdom of Saudi Arabia with an optional stop in Qatar, from October 18-22, 2015. The purpose is to assist U.S. companies in pursuing export opportunities in the ACE sector. The mission is designed for U.S. firms that specialize in planning, project management and architectural design services. For more information contact Commercial Specialist Habbib Saeed at habbib.saeed@trade.gov.

Web Resources

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Saudi Green Building Forum: www.saudigbf.org

The Saudi Council of Engineers: www.saudieng.sa

Saudi Railway Organization: www.saudirailexpansion.com; www.saudirailways.org

Ministry of Municipal and Rural Affairs (MOMRA): www.momra.gov.sa

Ministry of Interior: www.moi.gov.sa

Ministry of Education: www.moe.gov.sa

Ministry of Water and Electricity: www.mowe.gov.sa

Riyadh Chamber of Commerce and Industry: www.riyadhchamber.com

Saudi Arabian General Investment Authority: www.sagia.gov.sa

For more information on opportunities in this sector, please contact the following

Commercial Specialists:

Habbib Saeed (Riyadh): Habbib.Saeed@trade.gov

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Anwar Shaqhan (Jeddah): Anwar.Shaqhan@trade.gov

Construction Equipment - CON

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The construction sector is the largest driver of economic activity in Saudi Arabia after petroleum. The government's goal of diversifying the economy, developing knowledge-based industries and providing jobs for a young, unskilled labor force can only succeed by investing in physical infrastructure and human capital, and these investments will underpin a strong construction sector for many decades. Despite lower global oil prices, ambitious public works projects continue to be announced in housing, schools and hospitals. Most of the massive infrastructure projects underway in rail, airports and seaports are generally proceeding on schedule. Economic Cities, which are designed to be the foundation of Saudi Arabia's new economy, are in various stages of development and are generating robust demand for construction equipment. The Kingdom Tower project in Jeddah is scheduled to be completed in 2018 and will be the world's tallest building, featuring hotels, offices, residential units and retail outlets.

Sub-Sector Best Prospects

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Leading construction equipment exports from the United States to Saudi Arabia include: Machines for boring or sinking; track-laying tractors; mechanized front end shovel loaders; self-propelled derricks; self-propelled work trucks and forklifts; rock drilling and boring tools; machines used to mix, knead, crush and grind; machines used to lift, handle, load and unload; self-propelled graders and levelers; road tractors for semi-trailers; arc welding equipment; self-propelled derricks.

Opportunities

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Transportation Infrastructure

There are five major rail projects underway or in the planning phase in Saudi Arabia. Commuter rail systems are being built in Riyadh, Jeddah and Makkah, with construction for Riyadh's metro system breaking ground in 2014. The urban metros in Jeddah and Makkah are still in the design phase. The Haramain high-speed rail system connecting the two holy cities of Makkah and Madinah via Jeddah is in the final stages of construction. One of the country's most ambitious rail projects is the Land Bridge, a 600 mile rail link between the Red Sea and the Arabian (Persian) Gulf, which is expected to be completed within the next ten years. Saudi Arabia will also be part of a regional rail system that will connect the six countries of the Gulf Cooperation Council. This project is expected to be completed in the next five years and will offer passenger and freight transportation over a 1,400 mile regional rail network.

Airports in Riyadh, Jeddah, Madinah, Nijran, and Tabuk are being expanded in order to meet the growing number of travelers in Saudi Arabia. King Abdulaziz International Airport in Jeddah is the starting point for millions of passengers traveling each year for religious pilgrimages to Makkah. A multi-billion dollar upgrade of the airport will increase its annual capacity to 21 million passengers and allow for transit of the world's largest aircraft, like the A380. In Riyadh, the \$400 million Terminal 5 is nearing completion at King Khalid International Airport and will be dedicated to international flights.

Ocean port projects are underway across the kingdom, including expansion of the country's largest port in Jeddah, as well as multi-million dollar improvements to ports in Jazan, Al-Madhaya and Fursan. Inland ports are also being built in several of the new Economic Cities.

Industrial Infrastructure

Saudi Arabia has significant reserves of gold, phosphate and bauxite and its mining industry is still in the early stages of development. The Saudi Arabian Mining Company (Ma'aden) is investing billions of dollars in aluminum smelters and rolling mills in the coming years with the objective of supplying aluminum sheets to the automotive industry and recycling aluminum scrap.

The government's ambition to develop a domestic manufacturing base will generate demand for construction equipment since most of these production plants have yet to be built. The Kingdom has near-term plans for manufacturing facilities in a variety of sectors, including automotive, pharmaceutical and advanced composites.

Housing Infrastructure

In an effort to address the shortage of affordable housing in Saudi Arabia, the government has announced a national housing strategy to build over 500,000 new homes at a cost of almost \$70 billion. A new mortgage law passed in 2013 is expected to stimulate home ownership rates.

Economic Cities

Saudi Arabia's Economic Cities are designed to encourage development in sectors such as healthcare, life sciences, automotive, information technology, logistics, alternative energy and manufacturing. The goal is to create domestic jobs through workforce development, professional training and academic institutions. There are currently six Economic Cities in various stages of development located across the Kingdom in urban areas surrounding Tabuk, Madinah, Rabigh, Hail, Jazan and the Eastern Province. King Abdullah Economic City (KAEC) is the flagship Economic City located on the outskirts of Jeddah. All Economic Cities are being built from the ground up and are massive engineering projects that require substantial capital investments, thus generating demand for both construction equipment and engineering design and management services.

Web Resources

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Ministry of Municipal and Rural Affairs (MOMRA): www.momra.gov.sa

Ministry of Interior: www.moi.gov.sa

Saudi Railway Organization: www.saudirailexpansion.com; www.saudirailways.org

Saudi Arabia Mining Company (Ma'aden): www.maaden.com.sa

Saudi Ports Authority: www.ports.gov.sa

Jeddah Metro Company: www.jdurc.com

King Abdullah Economic City: www2.kaec.net

Saudi Arabian General Investment Authority: www.sagia.gov.sa

Saudi Ports Authority: www.ports.gov.sa

Riyadh Chamber of Commerce and Industry: www.riyadhchamber.com

For more information on opportunities in this sector, please contact the following
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Electrical Power Systems (ELP)

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Generating Capacity Distributed by Technology in Saudi Arabia

Steam units	28.8%
Gas units	47.8%
Diesel units	1.4%
Combined cycle units	6.9%
Total SEC power capacity	55,894 MW
Rented diesel units	1,506 MW
Capacity from other utilities (WEC, SWCC, Aramco, Marafiq)	8,980 MW
Total capacity (2014)	66,380 MW

Saudi Arabia's growing consumption of energy is underpinned by population growth, industrial diversification, a nascent manufacturing base, the need for year-round air conditioning and subsidized electricity rates. Additional generation capacity of 4 GW needs to come on line each year to meet the country's growing electricity demand and the Saudi Electric Company (SEC) plans to increase generating capacity to 120 GW by 2032. According to the BP Statistical Review of World Energy, Saudi Arabia generated 292.2 billion kilowatt hours (kWh) of electricity in 2013, which is more than double the electricity generated in the year 2000. The increase does not meet the growth rate in demand for electricity, however, and the Kingdom is embarking on an infrastructure expansion program to address electricity generation, efficient distribution, diversification of fuels and energy conservation.

The SEC is the largest producer of electricity in Saudi Arabia with current available generation capacity of approximately 66 GW. Other producers include the Saline Water Conversion Corporation (SWCC) and Saudi Aramco. The SWCC operates 32 plants that desalinate water and supply electricity, with total annual output of around 2 GW of power. The Saudi Electricity and Cogeneration Regulatory Authority (ECRA) allows Saudi Aramco to sell excess electricity back to the SEC. ECRA projects that the Kingdom will need to invest approximately \$140 billion through 2020 to increase SEC generation capacity to 71 GW.

Power Distribution and Grid

Saudi Arabia is improving distribution within the Kingdom by linking regional power plants and allowing for alternative and renewable sources to improve access to back up electricity generation. To meet peak loads in summer, the SEC is collaborating with the Gulf Cooperation Council (GCC) to link the power grids of GCC member states. The SEC is also in discussions to build a 3 GW link with Egypt as that country's peak loads occur in winter whereas Saudi Arabia's peak occurs in summer.

The SEC has launched a series of projects to overhaul outdated segments of the power grid and lay the groundwork for a modern transmission and distribution system, with plans to spend nearly \$14.7 billion for the transmission of electricity and \$13.7 billion for the distribution of electric power over the next 10 years.

The Kingdom is expanding power output through Independent Water and Power Projects (IWPPs) that allow for private ownership up to 60 percent. Among the largest of these projects is the expansion of the two industrial cities of Jubail and Yanbu. Marafiq is the utility company established exclusively to supply power to these cities.

The Saudi Government realizes that it must do more than simply build additional power plants in order to meet the country's future energy needs and is seeking participation and investment from the private sector to boost the Kingdom's generation capacity.

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The following electrical power system equipment is enjoying strong export sales from the United States to Saudi Arabia: gas turbines; power transformers; industrial generators; valves; compressors; pumps; spare parts; turbine filters; gas turbine inlet systems; fuel oil system skid packages (unloading, transfer, forwarding and heating skids); fuel gas system skid packages for natural gas cleaning and conditioning.

Opportunities

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There are significant power projects in the pipeline to be carried out by the SEC, the Water and Electricity Company (WEC), the SWCC, Saudi Aramco and Marafiq over the next several years. The SEC has power generation projects (steam units and combined cycle units) underway in Riyadh, Tabuk, Shoaibah, Al-Qurayyah, Rabigh, Jeddah, Ras Al Khair, Najran, Sharorah, Al-Jubah, Ras Abu Qamis and Al Qaseem. The company has selected GE to supply a 600 MW integrated solar combined-cycle power plant to be built in the country's Red Sea port of Duba. The plant will primarily use gas turbines to generate energy but will employ an integrated concentrated solar power (CSP) parabolic trough that will generate about 50 MW. The project marks Saudi Arabia's first integration of CSP in a combined cycle plant. SWCC has power plant projects planned in Ras Al Khair and Yanbu and Aramco is working on power plants in Mnefa, Kharasaniyah, Shaybah and Al Wasit.

Trade Shows and Exhibitions

Power-Gen Middle East, October 4-6, 2015, Abu Dhabi: www.power-gen-middleeast.com

Power-Gen International, December 8-10, 2015, Las Vegas: www.power-gen.com

Saudi Water and Power (SWPF), January 12-14, 2016, Jeddah: <http://ksawpf.com>

DistribUTECH, February 9-11, 2016, Orlando, FL: www.distributech.com

WEPower, April 2016, Dammam, Saudi Arabia: www.wepower-sa.com

Web Resources

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Ministry of Water and Electricity: www.mowe.gov.sa

Saudi Electric Company (SEC): www.se.com.sa

Saline Water Conversion Corporation: www.swcc.gov.sa

Water and Electricity Company (WEC): www.wec.com.sa

Power and Water Utility Company for Jubail and Yanbu: www.marafiq.com.sa

Electricity and Cogeneration Regulatory Authority: www.ecra.gov.sa

Saudi Aramco: www.saudiaramco.com

For more information on opportunities in this sector, please contact the following Commercial Specialists:

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Water Resources Equipment - WRE

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Saudi Arabia's massive consumption of water and its geographical location in one of the driest places on earth is an unsustainable combination. This dilemma offers significant opportunities to U.S. companies with the expertise, experience and technologies needed to address Saudi's critical water issues. Demand for water in Saudi Arabia is high and growing due to demographic trends and subsidies for oil that keep desalinization costs artificially low. The subsidy for oil gets passed on as a subsidy for water, so Saudis pay only a fraction of the real cost of water, which in turn discourages efficient use of a scarce resource. Consequently, Saudi Arabia is the world's largest consumer of water next to the U.S. and Canada, with daily water consumption of 250 liters per capita. To meet demand, Saudi Arabia has become the largest producer of desalinated water, accounting for 25 percent of global supply, and is home to the world's largest desalination plants.

Saudi Arabia's water infrastructure further contributes to relatively high water consumption rates and inefficiencies. It is estimated that the country loses 15-20% of water (600,000-800,000 cubic meters/day) before it reaches customers due to leakage in dilapidated distribution systems. Water is also wasted through a lack of recycling, particularly reuse of treated sewage water. Neighboring Bahrain and Qatar are advanced users of this type of water for agriculture and industrial purposes and Saudi Arabia is increasingly adopting similar practices.

The Saudi government has taken proactive measures in recent years to reduce national water consumption and promote more efficient use of water. In an effort to preserve the country's aquifers, the government announced that it will end subsidies for water-intensive agriculture by 2016. Projects are underway to replace municipal water distribution systems and improve drainage and wastewater networks in major cities. The government is also promoting the adoption of new technologies like solar and nuclear power to operate desalination plants.

The State is the main actor in the water sector, but partial privatizations are underway in the form of Independent Water and Power Projects (IWPP). The regulatory system for the power and water sectors has been overhauled to make it more investor-friendly, enable private sector investment up to 60% in projects, allow for the development of projects on a build-own-operate basis and provide credit support. The overhaul also created the Water and Electricity Company (WEC) as a limited liability company to manage the IWPPs. Public Private Partnerships (PPPs) have been established between a number of cities and international companies for water distribution and wastewater collection. The National Water Company (NWC) was created in 2008 to manage PPP agreements in the four major cities of Riyadh, Jeddah, Makkah and Taif, while such

agreements are managed by the Ministry of Water and Electricity (MOWE) in the rest of the country.

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Water network and main lines; wastewater network and trunk lines; water and wastewater house connections; wastewater treatment plants; brackish water treatment plants; lift stations; large water reservoirs; ground water deep wells; rehabilitation of plants and networks; related consultancy and supervision services. Industrial equipment for desalinization plants and sewage wastewater treatment systems: reverse osmosis membranes; pressure and gravity media filters; pumps; clarification equipment; odor treatment and control; aeration systems; anti-scaling chemicals; steam and gas turbines; boilers; water leakage screening equipment; potable and process water treatment systems; sludge digesters.

Opportunities

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The Saudi government has commissioned new projects to meet rising industrial demand for water. The Power and Water Utility Company for Jubail and Yanbu is building a \$230 million desalination plant to serve 26 petrochemical factories. In addition, Aramco's efforts to explore shale gas resources, which are highly water intensive, will bolster demand for water for industrial applications.

The National Water Company (NWC) has announced investment plans over the coming five years totaling billions of dollars, including \$533 million of water infrastructure projects in the tourist area of Taif. Taif already has 30 water projects under construction, including supply networks, sewage systems, treatment plants and a reservoir.

The Saline Water Conversion Company (SWCC) is investing billions of dollars in desalination facilities, transmission systems and power plants. SWCC will be boosting desalination production to 8.5 million cubic meters per day by 2025 in projects worth almost \$90 billion. Among those projects is a desalinization plant in Rabigh that will be able to supply 600,000 cubic meters of water per day by 2018.

Trade Shows and Exhibitions

AWWA-ACE, June 7-10, 2015, Anaheim, CA: www.awwa.org

WEFTEC, September 26-30, 2015, Chicago, IL: www.weftec.org

Saudi Water and Power (SWPF), January 12-14, 2016, Jeddah, Saudi Arabia: www.ksawpf.com

WEPower, April 19-21, 2016, Dammam, Saudi Arabia: www.wepower-sa.com

WETEX, October 4-6, 2016, Dubai, UAE: www.wetex.ae

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Saline Water Conversion Corporation: www.swcc.gov.sa

Ministry of Municipal and Rural Affairs (MOMRA): www.momra.gov.sa

Power and Water Utility Company-Jubail and Yanbu: www.marafiq.com.sa

Ministry of Water and Electricity: www.mowe.gov.sa

Water and Electricity Company: www.wec.com.sa

National Water Company: www.nwc.com.sa

ACWA Power- Saudi Arabia: www.acwapower.com

Saudi Aramco: www.saudiaramco.com

Royal Commission for Jubail and Yanbu: www.rcjy.gov.sa

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Security and Safety (SEC)

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Spending on safety and security equipment in Saudi Arabia is forecast to reach \$5 billion annually over the next three years. The Kingdom is currently surrounded by tension with Iran to the east, Syria and Iraq to the north and Yemen to the south. Massive infrastructure projects including port expansion and transportation infrastructure are being built to sustain a shift in the economy from oil exports to manufacturing and there is a growing need to secure the country's global supply chains. Border security, command and control infrastructure, maritime/land surveillance and the training of new police officers and emergency first responders represent strong market opportunities for providers of C2, C4I, surveillance equipment, digital record keeping for access control and manpower training.

In addition to the public sector, Saudi Arabia's key state enterprises like oil giant Aramco, the Saudi Arabia Basic Industries Corporation, the Saudi Electricity Company and water-related infrastructure need to be protected from both physical and cyber threats. Saudi Arabia has been the victim of cyber attacks and remains vulnerable to ongoing threats to its IT infrastructure. The country is one of the largest targets for spam and malicious code, and the hardening of Saudi Arabia's IT infrastructure in its critical industries will be paramount as the Kingdom continues towards economic diversification and integrating further into global markets.

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Big data management (national ID cards), controlled access, sophisticated security systems for improvised attack, cyber security, command/control (C2), intelligence, infrastructure security of critical assets, IT/communications, police and emergency first responder training.

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Transportation and infrastructure protection, residential security related to the building of 500,000 new residential homes, Ministry of Interior training for maritime and municipal law enforcement.

The Commercial Service is planning a cyber security trade mission on the margins of the Armed Forces Computer and Electronics Association (AFCEA) annual homeland security conference in Washington, DC, March 2016. For more information contact Commercial Specialist Ahmed Khayyat at ahmed.khayyat@trade.gov.

Trade Shows

MiliPol, November 17-20, 2015, Paris: www.en.milipol.com

ASIS Middle East, February 21-23, 2016, Dubai: www.asisonline.org

DSEI, September 15-18, 2016, London: www.dsei.co.uk

IFSEC November 14-16, 2016, Riyadh: www.ifsec.co.uk

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Saudi Ministry of Interior: www.moi.gov.sa

Saudi Ministry of Defense: www.mod.gov.sa

Saudi Arabian National Guard: www.sang.gov.sa

Royal Saudi Air Force: www.rsaf.gov.sa

Royal Saudi Land Forces: www.rslf.gov.sa

Saudi Royal Guard: www.rg.gov.sa

Saudi Aramco: www.saudiaramco.com

Aramco Services Company, Procurement and Logistics Department
Houston, TX, (713) 432-5555, stratsourcing@aramcoservices.com,
www.aramcoservices.com

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Education and Training

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The Saudi Government allocated approximately 25% of the 2015 budget, or \$57.9 billion, to education and human resource development in an effort to address unemployment among Saudi nationals. Focus areas include youth and female employment, SME development, regional variation, productivity and technical skills for a new economy based on knowledge industries and manufacturing. Specific projects include the following:

- \$3.7 billion to finance 164 new projects, including several new technical and vocational institutions;
- \$3.2 billion for the refurbishment of several universities plus the construction of three new universities;
- \$5.87 billion for over 200,000 Saudi students studying abroad;
- \$106.7 million for the renovation of schools and sport centers.

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The Kingdom has identified technical and administrative training as critical to the country's economic and social development. Graduates of training programs in healthcare, agriculture and teaching are steadily filling professional positions throughout the country. Most of the Kingdom's vocational training centers are operated by the Ministry of Labor and the Ministry of Education. The Institute for Public Administration, established in 1961 as a semi-independent public agency, provides basic training for civil servants through branches in Dammam and Jeddah and a special branch in Riyadh for training women. It offers courses in administration, law, accounting, computer science, maintenance, personnel management, secretarial skills and management planning.

Opportunities in the Saudi market can be found in English language programs for professional development as well as hands-on training in specializations such as machine tooling, metalworking, electro-mechanics and auto mechanics. The government's priority is to provide young Saudis with skills that are in high demand and courses that are specifically tailored to meet the needs of the unemployed.

Opportunities

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Technical and Vocational Training (TVTC)

TVTC oversees the Saudi Technical and Vocational Education and Training (TVET) program and carries out workforce development through technical colleges, industrial institutes and Colleges of Excellence. These industrial organizations provide vocational education to high school students to meet the needs of the labor market in technical specialties and are a vocational alternative to traditional university study. The newly-established Colleges of Excellence provide courses designed in consultation with the private sector to develop skills needed for the local job market. Courses encompass

business administration, hospitality and tourism, fashion and beauty, IT and electrical technology.

Ministry of Labor (MoL) and the Human Resources Development Fund (HRDF)

The MoL is driving the expansion of technical education outside the university system through several subsidiaries including the HRDF and *Takamol*, which is the MoL's vehicle for public-private partnerships. HRDF provides qualified manpower to the private sector by funding programs that fit the needs of the labor market and by publishing studies that address barriers to employment. These programs include job placement centers, job fairs (the *Liqaat* program), online training platforms, SME training and job preparation programs (*Doroob*).

Female Empowerment

The Saudi government is making efforts to improve employment prospects for women and has several initiatives designed to increase female participation in the workforce. Primary education and vocational training focus on traditional occupations while higher education is typically devoted to the humanities and social sciences. The "Women's Employment in the Retail Sector (WERS)" initiative, implemented in 2011, requires shops that sell lingerie, cosmetics and women's products to replace male with female staff. The initiative sets a salary for Saudi women working in these shops and provides training in sales, customer service and as cashiers. The MoL also offers various online courses to enhance employment opportunities and advance women's careers.

Office of Program Management - Ministry of Interior (OPM-MOI)

OPM-MOI was established in 2008 under the authority of a Technical Cooperation Agreement (TCA) signed by the U.S. Secretary of State and the Saudi Minister of Interior and was extended in 2013 for a period of ten additional years. The program facilitates the transfer of knowledge, advice, skills and resources from the United States to Saudi Arabia and is fully funded by the Saudi government. Areas of cooperation include training in public security, critical infrastructure protection, maritime and border security and civil defense.

TAFE

TAFE is a training and education company located in Dammam that has branches in Jubail, Yanbu and Jazan. It offers technical training in a variety of fields including welding, architecture, interior design and property surveying. It is accredited by the American Welding Society and the National Safety Council and offers workshops on how to do business in Saudi Arabia for foreign companies. TAFE is looking for a U.S. partner to assist in developing an English curriculum for first and second year undergraduate students, to develop curriculum and run their new international k-12 school in northern Saudi Arabia, and a U.S. partner to jointly run a branch of a vocational school in the Eastern Province.

Saudi Petroleum Services Polytechnic (SPSP)

SPSP is a private, nonprofit vocational training institute that was established in 2008 to support the petroleum services industry. SPSP is governed by a Board of Trustees representing the major stakeholders in the company (mostly oil companies and contractors). The genesis behind SPSP is to reduce dependence on expat workers in the oil production, exploration and drilling sectors and provide jobs to Saudi youth. SPSP is actively looking for partners to provide new curricula in the fields of English

language and vocational and technical training, with a special preference for American curricula.

Ingress Partners

Saudi-based consulting firm that specializes in franchising, training, procurement, property, man power, investment and partnerships. The company is interested in partnering with international companies that want to establish operations in the Middle East. Through a partnership with Red Rocks Community College of Colorado, it provides OSHA-certified safety courses specific to the oil, gas, chemical, construction and manufacturing industries. The company recently purchased a large piece of land in Jubail, Saudi Arabia, where it plans to build a state-of-the-art training complex that will offer safety and technical training. It is currently looking for companies to provide curriculum and equipment.

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Technical and Vocational Training Corporation: www.tvtc.gov.sa

Saudi Ministry of Education: <http://he.moe.gov.sa/en>

Saudi Ministry of Interior: www.moi.gov.sa

Saudi Ministry of Labor: www.mol.gov.sa

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Information and Communication Technology (ICT)

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Saudi Arabia is the largest ICT market in the Middle East. The Saudi Arabian telecommunications and information technology industries represent over 55% and 51% of the total Middle East markets, respectively. ICT spending has grown over 10% annually to reach \$7.3 billion in 2014. Liberalization is occurring across the telecom industry, driving increases in competition, service levels and usage.

The Saudi Arabian ICT market provides excellent operational scale, especially since it acts as a technology hub catering to over 350 million Arabic speakers in the region. Because Saudi society is young and growing rapidly, its consumer market is weighted heavily towards technologically literate early adopters. Arabization (digital content, software) activities enjoy strong growth prospects due to this large emerging market and the increasing supply of qualified software engineers coming available due to public and private training initiatives.

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Cyber Security

The Saudi government has started a major initiative to combat cyber security crimes with the formation of a specialized intra-government committee consisting of members from the Saudi Communications and Information Technology Commission (CITC), Ministry of Interior (MOI) and King Abdulaziz City for Science and Technology (KACST).

IT Services Sector

The Saudi IT services market is on pace to reach a total value of \$2.76 billion by the end of 2016, according to the latest forecasts from the International Data Corporation (IDC). This would represent a 13.8% increase on the \$2.43 billion generated in 2013. IDC attributed the strong growth to large-scale, infrastructure-driven projects across the government, healthcare, education and transportation verticals. Spending will be driven by infrastructure developments, e-government initiatives, and modernization drives across verticals, as well as the increased focus on digitization. The current transformation of telecom companies into integrated ICT providers will also drive market maturity and facilitate investments in managed and data center-delivered services.

Cloud Computing

Saudi Arabia is still in the early stages of cloud adoption and only a handful of providers in the Kingdom currently offer cloud services. Spending on cloud services in Saudi Arabia was expected to increase by 52.9% in 2014, according to IDC. While this increase is from a low base, IDC said that its projections pointed to a greater acceptance of cloud technologies within the Kingdom, despite an inherent desire among Saudi organizations to retain full control over their IT functions. IDC expects the Saudi cloud market to total \$77.5 million in 2015, up 53.8% over 2014.

Opportunities

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Cyber Security, big data management, cloud computing, C2 command and control, education/training, data storage and back-up for corporations and government.

Trade Shows

GITEX IT Conference and Exhibit, Dubai, October 18-22, 2015: www.gitex.com

Armed Forces Computer and Electronics Association (AFCEA) Intelligence and National Security Summit, Washington, DC, September 9-10, 2015: www.intelsummit.org

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Saudi Communications and Information Technology Commission: www.citc.gov.sa

Saudi Ministry of Interior: www.moi.gov.sa

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Health Industries

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Healthcare and education were the only line items in Saudi Arabia's 2015 budget to increase, reflecting the importance of these two sectors in achieving the government's goal of economic diversification, job creation and building the foundation of a knowledge-based economy that includes manufacturing of pharmaceuticals and medical devices. The Saudi government is investing in academic programs related to nursing, medicine, surgery, dentistry, oncology, organ transplant, cardiovascular disease, neuroscience and genetic disorders. There is a focus on postgraduate education programs that support residency and fellowship training, such as the King Faisal Specialist Hospital and Research Center in Riyadh. Leading hospitals in the United States are forming joint ventures with Saudi Arabian partners to deliver healthcare services in the Kingdom and offer training programs and research centers. John Hopkins Medicine teamed up with Saudi Aramco in 2014 to establish Johns Hopkins Aramco Healthcare to provide healthcare to Aramco employees and fund medical research and education training.

The market for healthcare and medical equipment in Saudi Arabia is driven by government initiatives and lifestyle trends. While the government accounts for almost 80 percent of healthcare expenditures, privatization is creating opportunities for medical service delivery in the areas of dialysis, radiology, oncology, cardiovascular care and other outpatient services. Illnesses such as diabetes, cardiovascular disease and cancer have become the main causes of death among Saudis due to a sedentary lifestyle, obesity, tobacco consumption and diet. As a consequence of risky driving habits, the Kingdom has one of the world's highest rates of traffic accidents, which generates demand for emergency room equipment and specializations like reconstructive surgery.

The Saudi market for medical devices is estimated at just under \$2 billion and is growing annually at roughly 10 percent. Greater awareness of health issues and a growing consumption of healthcare services sustain a strong market for medical equipment. Saudi Arabia is encouraging a domestic manufacturing base for these devices and instruments but currently manufactures commodities that are low on the value chain, such as bandages, gloves, syringes and furniture. Imports represent approximately 90 percent of the market, with American products accounting for 21 percent of total imports.

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- Education and training services for physicians, nurses and technical staff;
- Information technology and big data management services related to the digitization of patient records and billing information;
- Hospital management and joint ventures with Saudi partners;
- Investment in pharmaceutical manufacturing facilities for vaccines, sterile injectables, plasma, generics and other pharmaceuticals;

- Provision of support services and investments to establish local capabilities in bioequivalence centers, cold chain logistics, outpatient imaging and contract research organization (CROs);
- Provision of health insurance;
- Medical equipment related to traffic accidents such as emergency room equipment, rehabilitation equipment, diagnostic equipment, electro-medical equipment, orthopedic and dental appliances and prosthesis.

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New projects in the 2015 Ministry of Health budget included the construction of three hospitals, three blood bank centers, 11 primary health care centers, and 10 comprehensive care clinics. Hospital beds currently number around 64,000 for all hospitals in Saudi Arabia and are expected to grow to 119,000 beds by 2020.

A private group of investors is developing Riyadh's Medical Village over a 250,000 square meter area, consisting of eight 130 bed hospitals and 60 outpatient clinics.

A 10 year development plan (2010-2020) will create five tertiary-care medical cities with a main hospital, housing complex, hotel, outpatient clinics, retail outlets and a mosque:

- Prince Mohammed Bin Abdulaziz Medical City in Al Jouf, 1,000 beds, to be completed in 2015;
- King Abdullah Medical City in Makkah, 1,400 beds, to be completed in 2015;
- King Khalid Medical City in Eastern Province, 1,500 beds, to be completed by 2017;
- King Faisal Medical City in Abha, 1,350 beds, to be completed by 2021;
- \$2.7 billion expansion at King Fahd Medical City in Riyadh.

The Executive Board of the Health Ministers' Council for the GCC states releases an annual tender for billions of dollars for the following products and services: renal dialysis supplies; oral and dental care; laboratory supplies; orthopedic and spinal surgery supplies; rehabilitation equipment; cardiovascular devices; linens and medical uniforms; ophthalmology supplies; ENT supplies; medicines; vaccines; chemicals; insecticides; radio-pharmaceuticals.

Trade shows and exhibitions where U.S. companies can find potential partners and key decision makers from Saudi Arabia include Arab Health in Dubai, January 2016; Saudi Health in Riyadh, May 2016; Medica in Dusseldorf, November 2015. The Commercial Service is organizing a Healthcare Trade Mission to Saudi Arabia in late April, 2016. For more information, contact Commercial Specialist Maher Siblini at maher.siblini@trade.gov.

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World Health Organization (WHO): www.who.org

Saudi Ministry of Health: www.moh.gov.sa

Executive Board of the Saudi Health Ministers Council: www.sgh.org.sa

Arab Health Trade Show: www.arabhealthonline.com

Saudi Health Trade Show: www.saudihealthexhibition.com

Middle East Economic Digest: www.meed.com

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Oil and Gas Field Machinery - OGM

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The Saudi Arabian Oil Company (Saudi Aramco) is the world's largest oil producer and the state-owned company has maintained its world-leading conventional crude oil reserves by replacing new field discoveries, expansion of existing fields and production optimization. The country has an output capacity of 12.5 million barrels per day (bpd). In 2014, Saudi Aramco discovered eight new oil and gas fields in the east of the country and will require U.S. assistance in all sectors of development. In the same year, Saudi Aramco produced approximately 9.5 million bpd on average and exported a total of 2.5 billion barrels globally, according to internal sources. At the end of 2014, crude oil and condensate reserves stood at 261.1 billion barrels, while natural gas reserves registered 294 trillion cubic feet, both record highs. Saudi Arabia has about 100 major oil and gas fields, but more than half of its oil reserves are contained in eight fields in the northeast of the country.

In 2015, Saudi Aramco will focus on natural gas projects, both offshore and unconventional, with a view to increasing sources of energy as well as creating feedstock for the petrochemical industry. These programs will be the recipient of over \$12 billion in internal funding in the next 10 years, and represent a significant opportunity for U.S. companies. Saudi Aramco will continue to maintain production in its onshore rigs and focus on the Khurais and Shaybah fields to increase Saudi Arabia's crude oil production capacities. Located next to Ghawar, the largest oil field in the world, Khurais is also of a significant size with reasonably easy-to-reach reserves of crude oil and condensate.

Despite its huge reserves, the Kingdom will continue to invest to increase oil production (upstream) after the trend of the past few years of developing the petrochemical sector. While the petrochemical sector and gas supply are required to sustain growth in power generation and Saudi's emerging manufacturing industries, oil exports remain the driver of the Saudi economy.

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Marine equipment and services, offshore platforms, filtration systems, pressure vessels; storage systems, treatment systems; injection equipment and services; production equipment and services; well control systems, packing, seals, gaskets, bearings, rope, wire rope and chain; safety and environmental protection services; pollution and spill control services; tools, flexible pipe, valves and actuators; wellhead valves.

Unconventional Gas

Saudi Aramco's unconventional gas program continued to gain momentum in 2014. An investment of \$8 billion in this alternative resource will help assess, develop and produce gas from shale and tight sand formations in three target areas: northern Saudi Arabia, the greater Ghawar area and the eastern Jafurah Basin. In northern Saudi Arabia, gas will be delivered to Ma'aden facilities at Wa'ad Al Shamaal by 2016 and by 2018 additional gas will be made available for local power generation. In the greater Ghawar area, work is progressing at the Harmaliyah development pilot to obtain technical and operational knowledge and exploration and appraisal work is also ongoing to extend the reservoir base. U.S. companies with competency in these areas will be in high demand.

Reports from Aramco report that fracture stimulation results in the Jafurah Basin have confirmed the presence of unconventional hydrocarbons. These resources have the potential to complement future domestic gas supply, support efforts to displace the use of liquid hydrocarbons for power generation and increase available feedstock for the growing electric power and chemical industries. Using natural gas for power generation will also enable Saudi Arabia to preserve liquid fuels while efficiently meeting the Kingdom's growing electricity demand or for the production of chemical feedstock, thereby capturing additional value. Opportunities are available to U.S. companies in the full unconventional gas value chain such as site development, rig preparation, drilling, fracking, completion, well tie-in, production and maintenance.

Khurais Program

The Khurais Arabian Light Crude Increment is an onshore oil field development that is currently in production. The Khurais Program involves the development of the Lower Fadhli field and includes the construction of new processing facilities and a new gas oil separation plant, a crude stabilization unit and installation of a gas train. Two gas turbine driven pump trains will also be installed to provide treated seawater injection for reservoir pressure support. 650 kilometers of pipeline will be installed to transport crude oil, gas, NGL and seawater from the site.

The tender for construction activities of the plant was awarded to Italian company Saipem in November 2014. The project has broken ground and site preparation is underway, with a completion date of 2017. Opportunities for U.S. companies at Khurais include: oil and gas field drilling machinery and equipment; casing, pipes, pipe fitting, and valves; power generation equipment; drilling chemicals; pumps; heat exchangers; gas compressors; tower coolers; instruments and controls; anti-corrosion systems.

Offshore Opportunities

As the Kingdom aggressively pursues exploration beyond its traditional onshore rig-driven production, it will migrate offshore and this expansion should result in significant opportunities for U.S. companies. Major developments in the Arabian Gulf and Red Sea have led to a need to procure or rent suitable capabilities for offshore exploration and production.

Houston, TX, (713) 432-5555, stratsourcing@aramcoservices.com,
www.aramcoservices.com

Offshore Technology Conference (OTC). May 2-5, 2016. Houston, Texas:
<http://2016.otcnet.org>

Louisiana Gulf Coast Oil Exposition (LAGCOE), October 27-29, 2015, Lafayette, LA:
www.lagcoe.com

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Defense Industry Equipment (DFN)

Overview

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Approximately 35 percent of Saudi government expenditures are set aside for defense and homeland security (Ministry of Defense, Ministry of Interior, National Guard and Royal Guard). Industry experts estimate that Saudi defense and security expenditures exceeded \$80 billion in 2015. Saudi Arabia has surpassed India to become the world's largest importer of defense equipment. The increasing involvement of the Saudi military in regional conflicts is reinforcing demand for defense imports while at the same time shifting priorities to acquiring new equipment to counter unconventional, asymmetric threats from sub-state actors and militias.

Saudi Arabia is the world's largest importer of defense equipment but has negligible arms exports. The government is addressing this deficit by including technology transfers and offsets in its weapons contracts with international firms and by developing a manufacturing base for weapons parts and components. The government's "Saudization" program seeks to train Saudis with specific skills so they can increasingly fill defense technology positions. U.S. defense contractors that include a training component of the local labor force when bidding on contracts can significantly enhance their prospects over foreign competitors.

Lower global prices for oil are having an impact on the country's defense industry insofar as some purchases and programs are being temporarily put on hold, according to Commercial Service sources. Current geo-political conditions in the region, however, will likely keep these acquisitions on the government's priority list and should resume as budget conditions improve.

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Current needs encompass ballistic missile defense (THAAD), maritime security, critical asset protection, Royal Guard modernization, cyber security, body and vehicle armor, personnel carriers, C4ISR and personnel training.

Training and Simulation Systems and Command and Control Readiness

Saudi Arabia is buying advanced equipment, especially in the field of aviation, and needs to train the operators of these assets. The current military build-up combined with equipment upgrades and modernization programs mean an increase in support personnel and the need to develop the skills required to use sophisticated equipment on the battlefield. The Kingdom is expanding its Special Forces operations and requires training services for special ops teams and exercises.

C4ISR Procurement

Regional conflicts and unconventional, asymmetric threats are generating strong demand for C4ISR technologies. The war against Islamic State extremists on Saudi's northern border with Iraq and Syria and the instability on its southern border with Yemen have prompted the government to seek improvements in border security, command and control, communications, cyber defense and IT infrastructure. The fleet of the Royal Saudi Air Force (RSAF) includes Boeing E-3A, RC-135, Saab 340, Bombardier Q300 MPA and upgrades are underway with E-3 tactical airborne surveillance systems. The RSAF is participating in a multinational airborne early warning and control effort.

Opportunities

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Saudi Arabia's current defense requirements create opportunities in the following areas:

- \$100 billion in defense contracts are in the pipeline with the United States, including purchases of jets and rotary aviation; training services will be needed for pilots and for mechanics to perform maintenance of these craft;
- 20% increase in troop levels for the Royal Saudi Land Forces (RSLF) and the Saudi Arabian National Guard (SANG) will create demand for equipment, supplies and training services;
- Acquisition of fighter aircraft, tanks, helicopters, armored vehicles, personnel carriers and related weapons systems and components;
- New training doctrine for various services;
- Joint exercises between multiple military branches, including exercises with allied countries;
- Upgrades and expansions at key military bases including King Saud Air base in Hafr Albatan and King Khaled Air base in Khamis Mushait;
- Training/capacity building of local labor force for equipment maintenance, simulation for weapons platforms and retrofitting/upgrading existing ground assets.

Trade Shows

Defence and Security Equipment International (DSEI), September 15-18, 2015, London: www.dsei.co.uk

Dubai Air Show, November 8-12, 2015, Dubai: www.dubaiairshow.aero

Special Operations Forces Exhibition and Conference (SOFEX), May 9-12, 2016, Jordan: www.sofexjordan.com

MiliPol Qatar, fall 2016, Doha: <http://en.milipolqatar.com>

IDEX, winter 2016, Abu Dhabi: www.idexuae.ae

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Saudi Ministry of Defense: www.mod.gov.sa

Saudi Arabian National Guard: www.sang.gov.sa

Royal Saudi Air Force: www.rsaf.gov.sa
Royal Saudi Land Forces: www.rslf.gov.sa
Saudi Royal Guard: www.rg.gov.sa
Saudi Ministry of Interior: www.moi.gov.sa

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Saudi Arabia is trying to establish itself as an automotive hub in the Middle East by advocating for the development of a domestic automotive industry and encouraging global vehicle manufacturers to establish local production facilities. The automotive sector is an integral part of the Saudi Government's plan to diversify the economy, provide jobs to Saudi nationals and ultimately become a regional exporter of passenger vehicles and light trucks. There is currently local production of light trucks on a small scale by Isuzu, Daimler, Volvo and MAN. Tata, Jaguar and Land Rover are considering local assembly operations in Saudi Arabia. The Saudi Arabia Basic Industries Corporation (SABIC) is exploring local production of advanced materials like lightweight thermoplastics and composites through partnerships with Volkswagen, Land Rover and Mitsubishi.

Saudi Arabia currently produces automotive parts such as filters, radiators, batteries, lubricants, exhaust systems and converters, but the government is looking to move up the value chain and have entire passenger vehicles assembled in the Kingdom on a massive scale using Saudi labor. The auto zone in Yanbu Industrial City envisions vehicle manufacturing plants and tier 1 parts suppliers and the National Industry Cluster Development Program (NICDP) is encouraging domestic and foreign investment in the automotive sector. The Saudi Arabian Mining Company (Ma'aden) and Alcoa are constructing the world's largest integrated aluminum complex with a bauxite mine, refinery, smelter and rolling mill to produce metal sheets in Saudi Arabia for the auto industry. In 2016, the Automechanika trade show will be held for the first time in Jeddah, Saudi Arabia to highlight opportunities for investment in the country's automotive sector.

Challenges and Barriers

Saudi Arabia's industrial standards and conformity assessments are a significant market barrier for U.S. exporters. The Saudi Arabia Standards Organization (SASO) has issued numerous industry standards and regulations that create burdensome documentation and complicated import requirements that result in customs clearance delays and enforcement inconsistencies. Most used auto parts cannot be imported into Saudi Arabia, but reconditioned engine and transmission parts are exempt if they comply with certified standards. Enforcement of Intellectual property protection and anti-counterfeiting measures are improving in the Kingdom.

The Saudi Customs Authority has issued a Mandatory Directive applicable to all imported products that requires embossing/engraving or a non-removable label showing the country of origin (marking on packing material is insufficient). The country of origin marking must be printed on the boxes/cartons. The Certificate of Origin must include similar information and is required for all shipments arriving at Saudi ports. The Saudi Ministry of Commerce has implemented the International Conformity Certification Program (ICCP) in coordination with SASO and all approved SASO procedures, including the ICCP program, work within the guidelines of the International Standards Organization.

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The Saudi government's strategy to develop a local manufacturing industry in the automotive sector will generate opportunities for tier 1 and tier 2 suppliers in the following areas: industrial machine tools; engine and engine components; transmissions and drivetrains; robotics used in automotive assembly plants; automotive chemicals, paints, protectants and finishes; equipment for tire manufacturing plants; body and chassis parts; batteries and other power supplies; maintenance and diagnostic tools; assembly line machinery and tools; brake components; emission systems; IT equipment and services; electrical components; suspension components.

Opportunities

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The Saudi government is pursuing a new industrial development paradigm that focuses on domestic manufacturing and utilization of local labor. The automotive sector is one of the priorities in this new development model. To that end, the government established the National Industry Cluster Development Program (NICDP) to encourage Saudi and foreign investment in the automotive sector. NICDP will oversee the automotive cluster program and promote vocational training and infrastructure development related to vehicle assembly. Annual domestic production targets will range from 50,000 vehicles in the first phase to 400,000 in later phases.

The Saudi National Automobile Manufacturing Company (SNAM) and the Saudi Public Investment Fund (PIF) are working with South Korea's Daewoo International to establish an automobile manufacturing plant in the central region of Al Qassim. Daewoo would be one of three major shareholders in the project through the purchase of a 15 percent stake in SNAM for \$55 million. The package would include vocational training to Saudis and an offtake agreement by the Saudi government for the initial production run to help offset relatively high production costs.

Trade Shows

The Automechanika Jeddah trade show will take place January 26-29, 2016 and will coincide with a proposed automotive trade mission to Saudi Arabia led by the governor of Michigan that would focus on industry standards, global supply chains, professional development and training opportunities.

Web Resources

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Saudi Arabia Industrial Clusters: www.ic.gov.sa

Saudi Ministry of Commerce and Industry: www.mci.gov.sa

Saudi Arabia General Investment Authority: www.sagia.gov.sa

Saudi Public Investment Fund/Saudi Ministry of Finance: www.mof.gov.sa

Automechanika Jeddah: www.automechanikajeddah.com

For more information on opportunities in this sector, please contact the following Commercial Specialists:

Abuelgasim Mukhtar (Riyadh): Abuelgasim.Mukhtar@trade.gov

Mohammed Shujauddin (Dhahran): Mohammed.Shujauddin@trade.gov

Wasif Shah (Jeddah): Wasif.Shah@trade.gov

Global Agricultural Information Network, Saudi Arabia Exporter Guide:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Exporter%20Guide_Riyadh_Saudi%20Arabia_11-23-2014.pdf

Global Agricultural Information Network, Saudi Arabia Retail Foods Guide:

http://gain.fas.usda.gov/Recent%20GAIN%20Publications/Retail%20Foods_Riyadh_Saudi%20Arabia_12-14-2014.pdf

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Chapter 5: Trade Regulations, Customs and Standards

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Import Tariffs

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As a member of the Gulf Cooperation Council (GCC), Saudi Arabia applies the GCC common external tariff of 5% for most products, with a limited number of GCC-approved country-specific exceptions. Saudi Arabia's exceptions include 758 products that may be imported duty-free, including aircraft and most livestock. The Saudi government also applies a 12% tariff on 207 products, in some cases to protect local industries. Certain textile imports are among the products on which the 12% rate applies. Being a WTO member, Saudi Arabia is expected to bind its tariffs on over three-fourths of U.S. exports of industrial goods at an average rate of 3.2%, while tariffs on over 90% of agricultural products will be set at 15% or lower.

Import Tariffs on Food/Agricultural Products

The vast majority of food products are subject to a 5% import duty. Selected processed food products, however, are assessed higher import duties. In order to protect local food processors and production from competitively priced imports, Saudi Arabia ties import duties to the level of local production of similar products. As a general rule, a maximum import tariff rate of 40% is applied when local production of a food or agricultural product exceeds a self-sufficiency level. Currently, a 40% import duty rate applies to fresh, dried and processed dates. Imports of rice, baby milk and animal feed (soybean meal, feed corn, barley, rice, sorghum, palm kernel meal, wheat bran, alfalfa, hay, sugarcane molasses, rice bran, and sunflower meal, oats, canola meal, fish meal, alfalfa pellets, soy bean hulls, sunflower hulls, and rice bran) are subsidized while coffee, tea and fresh red meat enter the country duty-free. Saudi Arabia has no tariff rate quota (TRQ) requirement.

On March 31, 2008, the Saudi government exempted wheat, wheat flour and other grains from import duties and reduced duties levied on 75 other foodstuffs to 5%. The decree aims at alleviating the impact of the rising cost of living in Saudi Arabia. Major foodstuffs that benefited from the reduced 5% import tariff included chilled and frozen poultry and

their products, eggs (fresh, dried and powdered), cheese, cheese cream, vegetable oils, pasta, canned meat, fruit and vegetable juices, mineral and ordinary water, long life milk, corn flakes, peas, beans, peanut butter, yeast, and baking powder. The government will review the list in April 2011.

Confectionary products with cocoa and other bulk cocoa products are subject to a 15% tariff. Nine types of fresh/chilled vegetables (tomatoes, onions, carrots, cucumbers, marrow, okra, watermelons, melons and potatoes) are subject to a 25% tariff on a seasonal basis. Saudi Arabia also imposes a 100% tariff on cigarette and other tobacco imports.

Trade Barriers

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In 2005, Saudi Arabia became the 149th country to join the World Trade Organization (WTO). As part of WTO commitments, the country's trade regime should become more transparent and more accommodating to non-Saudi businesses.

As of the date of this report, Saudi business practices and laws still favor Saudi citizens, and Saudi Arabia still has trade barriers, mainly regulatory and bureaucratic practices, which restrict the level of trade and investment.

Nevertheless, the Government has liberalized the wholesale, retail, and franchise sectors, allowing foreign investors to establish joint ventures and retain a 51% share. The foreign partner's capital requirement is set at \$5.3 million (SAR 20 million) and his equity share can be increased to 75% after 3 years from the contract date. All industrial enterprises are open to non-Saudis, and they can also trade in the products they manufacture. Restrictions on individual professions also are in force, such as who can practice law, medicine, accounting and financial services, architect and engineers, and other similar professions. A Saudi joint-venture partner is a requirement for any entity or individual to practice the above-mentioned professional services.

Other trade barriers include:

Commercial Disputes Settlement

There is not yet a transparent, comprehensive legal framework in place for resolving commercial disputes. Saudi commercial law is still developing, but in 1994 the Saudis took the positive step of joining the New York Convention of 1958 on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also a member of the International Center for the Settlement of Investment Disputes (also known as the Washington Convention). However, dispute settlement in Saudi Arabia continues to be time-consuming and uncertain. Even after a decision is reached in a dispute, effective enforcement of the judgment can still take years. Generally, the Board of Grievances has jurisdiction over disputes with the government and over commercial disputes.

In October 2007, King Abdullah issued a royal decree to overhaul the Kingdom's judicial system, including allocating 7 billion SAR (approximately \$1.9 billion) to train judges and build new courts. The decree establishes two Supreme Courts, a general court and an administrative court, and specialized labor and commercial tribunals, although implementation has been slow.

Business Visas

All visitors to Saudi Arabia must have a Saudi sponsor in order to obtain a business visa to enter Saudi Arabia. Business visitors and foreign investors can apply through the

Saudi Arabian General Investment Authority (SAGIA) for a visitor visa at the Saudi Embassy or Consulates in the United States.

Saudi Arabia has also begun to implement a decree stating that sponsorship for certain business visas is no longer required. Based on new instructions, the issuance of a visitor's visa should be affected within 24 hours from the application date.

While most business visas are valid for only one entry for a period of up to three months, the Saudi Embassy in Washington has begun issuing a 5-year multiple entry visa for selected business people, taking into consideration the principle of reciprocity. Finally, the Saudi Ministry of Foreign Affairs is currently examining the issuance of a visitor's visa at ports of entry for selected nationalities.

Delayed Payments

Payment delays are on the rise in the wake of lower oil prices, according to some members of the business community. Some companies carry Saudi Government receivables for years before being paid. The Government appears committed to clearing remaining arrears, but the problem persists. U.S. companies should check with the U.S. Embassy or Consulates if a problem arises.

Intellectual Property Protection

Saudi Arabia recently undertook a comprehensive revision of its laws covering intellectual property rights to bring them in line with the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs). The Saudi legal system protects and facilitates acquisition and disposition of all property rights, including intellectual property. The Saudi Government recently updated the Trademark Law (2002), the Copyright Law (2003), and the Patent Law (2004), with the dual goals of TRIPs- compliance and effective deterrence against violators. In 2008 the Violations Review Committee created a website and has populated it with information on current cases. The government also endorsed the country's joining the "Paris Convention for Protection of Industrial Property" and the "Berne Convention for the Protection of Literary and Artistic Works." Although intellectual property protection has steadily increased in the Kingdom, intellectual piracy remains a problem.

The current Law on Patents, Layout Designs of Integrated Circuits, Plant Varieties and Industrial Designs has been in effect since September 2004. Largely due to a lack of adequate resources and technical expertise, when this law went into effect the Patent Office had issued just over 40 patents and had a large backlog (more than 9,000 applications dating back to issuance of Saudi Arabia's first patent law in 1989). The office has since streamlined its procedures, hired more staff, and reduced this backlog. Protection is available for product and product-by-process. The term of protection was increased from 15 years to 20 years under the new law, but patent holders can no longer apply for a routinely granted five-year extension.

However, SPO applied the new law retroactively thus disallowing and rejecting hundreds of pending patent applications including those pertaining to pharmaceutical products. While the new law is being retroactively applied, patents in the Kingdom of Saudi Arabia may be easily exposed to infringements.

Trademarks are protected under the Trademark Law. The Rules for Protection of Trade Secrets came into effect in 2005. Saudi Arabia has one of the best trademarks laws in the region, but enforcement still lags and procedures are inconsistent.

American firms that wish to sell products in Saudi Arabia should work through their local representative to register their trademarks with the Ministry of Commerce and Industry,

copyrighted products with the Ministry of Information, and patents with KACST or the GCC Patent Office. Although these government entities are responsible for IPR protection in their respective areas, any reported incident of piracy or infringement may not entail immediate and decisive action by the concerned government entity.

The Saudi Government has revised its Copyright Law, is devoting increased resources to marketplace enforcement, and is seeking to impose stricter penalties on copyright violators.

The Saudi Government has stepped up efforts to force pirated printed material, recorded music, videos, and software off the shelves of stores. These efforts included stepping up raids on shops selling pirated goods in 2008. However, many pirated materials are still available in the marketplace. An Islamic ruling, or *fatwa*, stating that software piracy is “forbidden” backs enforcement efforts. Following successful “out-of-cycle reviews” in 2009, Saudi Arabia was removed from the Special 301 Watch List in February 2010.

Saudi Arabia has not signed and ratified the WIPO internet treaties.

Counterfeiting

Manufacturers of consumer products and automobile spare parts are particularly concerned about the widespread availability of counterfeit products. Anti-counterfeiting laws exist, and the U.S. Government has urged the Saudi authorities to step up enforcement actions against perpetrators. In some popular consumer goods, manufacturers estimate that as much as 50% of the entire Saudi market is counterfeit. In order to restrict the entry of counterfeit products, the Saudi Customs Authority recently implemented a new directive requiring all imported goods to clearly display the “Country of Origin” or “Made in ...” on the items in an irremovable manner either by engraving, knitting, printing, or pressing based on the nature of the imported items. This requirement is strictly enforced.

Arab League Boycott

The Gulf Cooperation Council (Saudi Arabia, Kuwait, Bahrain, Oman, Qatar and the United Arab Emirates) announced in the fall of 1994 that its members would no longer enforce the secondary and tertiary aspects of the Arab League Boycott. The primary boycott against Israeli companies and products still applies. Advice on boycott and anti-boycott related matters are available from the U.S. Embassy or from the Office of Anti-Boycott Compliance in Washington, D.C. at (202) 482-2381.

Import Requirements and Documentation

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There are no special import provisions. The Saudi Government now requires that local chambers of commerce around the United States perform the authentication of shipping documents.

Under its WTO obligations, Saudi Arabia has committed to implement a transparent and predictable import licensing system. The following documents are required for exporting goods to Saudi Arabia:

- certificate of origin;
- commercial invoice (in triplicate) which must state the country of origin, name of the carrier, brand and number of goods, and description of the goods including weight and value;

- a clean bill of lading or airway bill;
- documents indicating compliance with health regulations, if applicable;
- insurance documents, if shipments are sent CIF;
- packing list;
- certificate of conformity with applicable Saudi standards, if available.

The original documents must be accompanied by an Arabic translation of a radiation certificate, if applicable.

Saudi exporters need to submit a copy of their commercial registration, which indicates they are allowed to export. They are also required to submit a certificate of origin of Saudi products (issued by the Ministry of Commerce and Industry).

Certain items such as antiques, Arabian horses, livestock, or subsidized items need special approval to export, e.g., feed additives require a Certificate of Analysis that needs to be authenticated by the Saudi Embassy or Consulate. Exports of oil, petroleum products, natural gas and wheat all require export licenses. Saudi Arabia has removed its export ban on all scrap metals and will not apply export duties on these products.

Exportal

Exportal is a service created by Saudi Ministry of Foreign Affairs and Saudi Customs Authority to enable transmission of the information from the Certificates of Origin and Commercial Invoices directly to Saudi Customs before goods arrive at Saudi ports, thus expediting clearance of imported goods. It also enables Chambers of Commerce and other C/O-issuing authorities to provide an efficient electronic process to issue C/Os for their exporting members. The platform is currently in a trial phase and is only available for shipments originating from Belgium, but is expected to be rolled out globally within the next year.

U.S. Export Controls

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In the area of export control policy and regulation, the U.S. Department of Commerce's [Bureau of Industry and Security](#) (BIS) is charged with the implementation of U.S. export control policy on dual-use commodities, software, technology, and commodities on the Control Commodities List.

Sale of arms and ammunitions is managed through a Foreign Military Sales (FMS) program of the U.S. Department of Defense. The U.S. Military Training Mission (USMTM), a unit of the Defense Security Cooperation Agency provides training, advice and assistance to the Saudi Ministry of Defense and Aviation in a variety of areas, including the management of the Kingdom's Foreign Military Sales (FMS).

A list that consolidates eleven export screening lists of the Departments of Commerce, State and the Treasury into a single search as an aid to industry in conducting electronic screens of potential parties to regulated transactions is available here:
<http://developer.trade.gov/consolidated-screening-list.html>.

Temporary Entry

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For temporary entry of goods for promotional purposes, importers need an invoice with the value of the goods and a certificate of origin, both endorsed by a local Chamber of Commerce in the U.S. The invoice should state that the goods are being imported for exhibition purposes only and will be re-exported.

Saudi Customs requires a deposit for these goods (equivalent to the applicable tariff rate on the total value of the goods). This deposit is refundable when the exhibition is over and upon showing a document that the owner of the equipment officially participated in a trade show. Reimbursement takes between two to four weeks. Additionally, the customs authorities will collect handling charges.

Labeling and Marking Requirements

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Please refer to Standards sub-section below.

Prohibited and Restricted Imports

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The importation of certain articles is either prohibited or requires special approval from competent authorities. Importing the following products requires special approval by Saudi authorities: agriculture seeds, live animals, books, periodicals, movies, and tapes; religious books and tapes; chemicals and harmful materials; pharmaceutical products; wireless equipment, and radio-controlled model airplanes; horses; products containing alcohol (e.g., perfume); natural asphalt; and archaeological artifacts.

There are health and sanitation regulations for all imported foods. For beef and poultry meat imported from the United States, Saudi Arabia has agreed to recognize a two-certificate approach: (1) an official FSIS export certificate issued for beef and poultry meat, and (2) a producer or manufacturer self-certification to cover any additional requirements not related to food safety or animal health issues such as animal protein free feed declaration. Moreover, the government has also agreed that any maximum residue requirements for synthetic hormones in animal products would be consistent with international standards. Companies can request a copy of the labeling requirements by contacting the Saudi Arabia Standards Organization (SASO) at telephone (966-11) 452-0132 or fax (966-11) 452-0196.

Saudi law prohibits importation of the following products: weapons, alcohol, narcotics, pork, pornographic materials, distillery equipment, retreaded or used tires, used clothing and certain sculptures. For additional information, please review requirements on the [SASO](#) and [Saudi Customs](#) web sites.

Customs Regulations and Contact Information

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The Department of Customs at the Ministry of Finance appraises all merchandise moving through Saudi customs ports. Moreover, the Saudi Food and Drug Authority ([SFDA](#)) was empowered by the Saudi Council of Ministers to have a representative at nine Saudi ports of entry with Saudi Custom officials to regulate and control the entry of medical devices.

As such, medical devices are only allowed entry into Saudi Arabia through the three international airports, two main seaports in Jeddah and Dammam, and three land entry points in Batha (UAE border), Hadithah (Jordanian border), and King Fahd Causeway (Bahraini border).

Import valuation is primarily used for collection of import duties and often does not reflect the actual transaction value. Saudi customs valuation procedures are not WTO-consistent, nor are they based on invoice value. Minimum prices are used, and customs agents rely on their own experience and local prices, as well as some contact with manufacturers, to assess import tariffs. For statistical purposes, the valuation of imported merchandise is the Cost-Insurance-Freight (CIF) value or carriage and insurance paid (CIP) if merchandise is imported by intermodal container. The value of exported merchandise is based on Free On Board valuation (FOB). The Saudi tariff

nomenclature is consistent with the Harmonized System. There does not seem to be a significant body of rule-making or documentation available. Appeals are frequently made orally, and an appeals committee, under the Deputy Director General of Customs, meets frequently.

Although Saudi Arabia is a member of the Customs Coordination Council, Saudi Customs officers do not have the authority to do investigative work on business premises; nor do they have enforcement powers. These powers are vested in the Ministry of Interior.

The U.S. Government, through a reimbursable arrangement with the Saudi Government, is working with Saudi authorities to upgrade customs valuation procedures. As part of its WTO accession, Saudi Arabia will bind its tariffs on over three-fourths of U.S. exports of industrial goods at an average rate of 3.2% and 15% on over 90% of agricultural products.

Saudi Customs Authority
Contact: Mr. Saleh Al-Khlewi, Director General
P.O. Box 3483, Riyadh 11197, Saudi Arabia
Tel.: (+966-11) 402-2515
Fax: (+966-11) 405-9282
E-mail: customs_dg@customs.gov.sa
www.customs.gov.sa

Standards

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Overview

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The [Saudi Arabian Standards Organization](#) (SASO) has over 20,500 standards, and is actively pursuing the promulgation of hundreds of new standards currently in various drafting stages of development. SASO has decided to adopt ISO 9000 as the approved standards for Saudi Arabia, and will act as an accreditation body through the Quality Assurance Department; nonetheless, SASO also adopts ASTM, NEMA, ANSI, UL, and NFPA standards, as well. However, it would be prudent for American industry and services to consider this matter seriously in planning to do business in Saudi Arabia. There may be many cases where procurement agencies will insist on purchasing and placing orders only with those companies that are in compliance with ISO 9000, or the U.S. equivalent series.

Saudi Arabia is the most influential member of the [Gulf Cooperation Council](#) (GCC), which includes five other countries in the Arabian Peninsula: United Arab Emirates,

Kuwait, Bahrain, Oman, and Qatar. As a group, the GCC is striving to create a common set of food standards, with the Saudi Arabian Standards Organization ([SASO](#)) as the lead agency. SASO is the only Saudi organization responsible for setting national standards for commodities and products, measurements, testing methods, meteorological symbols and terminology, commodity definitions, safety measures, and environmental testing, as well as other subjects approved by the organization's Board of Directors. While standards are set by SASO, the laboratories of the Saudi Ministry of Commerce and Industry perform sample testing of all processed and packaged food items at various ports of entry. The Saudi Ministry of Municipality and Rural Affairs Environmental Control Department tests foodstuffs at points of sale for product safety standards. The [Communications and Information Technology Commission \(CITC\)](#) also has authority on imported telecommunications and IT products and services. Recently, the CITC has taken a more proactive role and has published a number of technical specifications relating to various products and services within its jurisdiction.

The [Saudi Food and Drug Authority \(SFDA\)](#) was established under the Council of Ministers resolution no (1) dated January 1, 2003, as an independent body that directly reports to the Prime Minister. The Authority objective is to ensure safety of food and drugs for humans and animals, and safety of biological and chemical substances as well as medical and electronic products. SFDA still does not have any jurisdiction.

Although SASO has an advisory, rather than executive role, it coordinates its activities among different executing agencies in the country to control product quality and standards.

Saudi food standards are based mainly on *Codex Alimentarius* regulations and to some extent on European and U.S. standards but modified to reflect local conditions. Saudi Arabia's residential electric power system of 127/220 volts, 60 Hertz, is unique and has caused export problems for many American firms. However, SASO will accept electrical products as low as 120 volts, 60 Hertz. The Government of Saudi Arabia is moving to make 220 Volts as a single standard.

Standards Organizations

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The [Saudi Arabian Standards Organization](#) (SASO) is the Saudi Arabian entity that is in charge of developing and implementing standards. SASO is the Saudi organization responsible for setting national standards for commodities and products, measurements, testing methods, meteorological symbols and terminology, commodity definitions, safety measures, and environmental testing, as well as other subjects approved by the organization's Board of Directors.

While standards are set by SASO, the Saudi [Ministry of Commerce and Industry](#) Laboratories do testing of all processed and packaged food items at various ports of entry.

The Saudi Ministry of Municipality and Rural Affairs' Environmental Control Department tests foodstuffs at the point of sale for product safety standards.

The [Communications and Information Technology Commission](#) (CITC) also has authority on imported telecommunications and IT products and services. Recently, the

CITC has taken a more proactive role and has published a number of technical specifications relating to various products and services within its jurisdiction.

The [Saudi Food and Drug Authority](#) will be responsible to regulate, oversee, and control food, drug, medical devices, as well as set mandatory standard specifications thereof, whether they are imported or locally manufactured. The control and/or testing activities can be conducted at the SFDA or any other agency's laboratories. Moreover, the SFDA is in charge of consumers' awareness on all matters related to food, drug and medical devices and associated other products and supplies.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries.

Notify U.S. is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL:

<http://www.nist.gov/notifyus/>

Conformity Assessment

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Since its inception in 1995, the certification program known as the ICCP was applicable to 66 regulated products. The purpose of the program was to insure consumer protection and that products entering Saudi Arabia conform to SASO standards. SASO was in charge of implementing and monitoring the International Conformity Certification Program (ICCP). They have done so through an agreement with Intertek, which has a global presence. Currently conformity assessment can be requested through a number of Conformity Assessment Bodies (CABs) whether Bureau Veritas, SGS, TUV to just name a few.

Under its WTO commitments, Saudi Arabia will comply with all obligations under the WTO Agreement on Technical Barriers to Trade from the date of accession, and without recourse to any transition period. As such, Saudi Arabia has committed to remove the mandatory, pre-market approval requirements for imports (ICCP) and to implement a non-discriminatory, post-market surveillance mechanism applicable to both foreign and domestic product at no cost to suppliers. As of the date of this report, Saudi Arabia still mandates that a Certificate of Conformity (CoC) must accompany all consumer goods exported to the country. Exceptions include food products, medical products including medicines, medical equipment, and components/products of large industrial projects. The [Ministry of Commerce and Industry](#) is responsible for the Certificate of Conformity (CoC) program.

Product Certification

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The [Saudi Arabian Standards Organization](#) SASO has its own certification organization for locally manufactured products, as several SASO employees have been certified to work as professional auditors in conformance with ISO 9000 series standards. For imported products, the Ministry of Commerce and Industry will implement the CoC program, which should be abolished under Saudi Arabia's WTO accession commitments.

For beef and poultry meat imported from the United States, Saudi Arabia has agreed to recognize a two-certificate approach: (1) an official FSIS export certificate issued for beef and poultry meat and (2) a producer or manufacturer self-certification to cover any additional requirements not related to food safety or animal health issues such as animal protein free feed declaration.

Moreover, the Kingdom's Government has also agreed that any maximum residue requirements for synthetic hormones in animal products would be consistent with international standards.

Accreditation

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SASO is the only Saudi entity empowered to grant standards accreditation.

Publication of Technical Regulations

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Final regulations are published in the official gazette of Saudi Arabia, *Umm al-Qourā*.

Labeling and Marking

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Labeling and marking requirements are compulsory for any products exported to Saudi Arabia. SASO is responsible for establishing labeling and other guidelines. The Ministry of Commerce and Industry implements SASO guidelines through its inspection and test laboratories at ports of entry.

Labeling is particularly important for companies marketing food products, personal care products, health care products, and pharmaceuticals. SASO has specific requirements for identifying marks and labels for various imported items. Labels must be in Arabic for any imported foodstuff item, which should basically reveal the same information on the container as in the foreign language, *i.e.*, ingredients, country of origin, manufacturer, shelf life, instructions for use, *etc.*

All food products, whether imported for commercial purposes, display, or for sampling, must be fit for human consumption and should meet established shelf life requirements. The product(s) must have a label or sticker showing the statutory information such as product name, country of origin, producer's name and address, production and expiry/use by dates, in Arabic and English languages (samples imported must be labeled at least in English).

It is vital that American exporters adhere to SASO quality standards and labeling regulations to avoid rejection of products at a Saudi port of entry. The method for writing production and expiry dates is to put the day of the month first, followed by month and year. Use of the system commonly followed in the United States, where the month is shown first, is not acceptable in Saudi Arabia. Products that do not meet established SASO standards are either re-exported to the country of origin or destroyed at the importer's expense.

Moreover, the government has also agreed that any maximum residue requirements for synthetic hormones in animal products would be consistent with international standards.

Companies can request a copy of the labeling requirements by contacting SASO by phone at (+966-11) 452-0132 or by fax at (+966-1) 452-0196. Arabic-language manuals must be included with any household electrical appliances exported to Saudi Arabia.

Quality-control laboratories at ports of entry may reject products that are in violation of existing standards and laws. In December 2005, Saudi Arabia implemented a voluntary shelf life standard (manufacturer-determined use-by dates) for most foodstuffs with the exception of selected perishable foods (fresh or chilled meat and poultry; fresh milk and fresh milk based products; margarine; fresh fruit juice; table eggs; and baby foods) that must meet SASO's established mandatory expiration periods. The revised standard (SASO 457/2005) will no longer ban imports of food products with less than half of its shelf life remaining.

American manufacturers are urged to discuss labeling requirements with their selected representative or distributor.

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Trade Agreements

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Saudi Arabia is a member of the [Gulf Cooperation Council \(GCC\)](#), which consists of Kuwait, Qatar, Bahrain, the UAE, Oman, and Saudi Arabia. Membership confers special trade and investment privileges within those countries. The GCC implemented a Customs Union on January 1, 2003 that stipulates free movement of local goods within member states. Leaders of the GCC have approved to allow Yemen gradual entry into their Council. The member states also agreed that they would switch to a single currency by January 1, 2010 at the latest, which has not materialized as yet and the common market proposal is still being worked out. Saudi Arabia is also a member of the League of Arab States. Recently, the League has agreed to negotiate an Arab Free Trade Zone.

In 2003, the United States signed a TIFA agreement with Saudi Arabia. TIFAs are typically the initial venues for ongoing dialogue between the United States and foreign governments on economic reform and trade liberalization. The agreement promotes the establishment of legal protections for investors, improvements in intellectual property protection, more transparent and efficient customs procedures, and greater transparency in government and commercial regulations. TIFA negotiations on a wide variety of trade and trade policy issues occur semi-annually.

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Openness to Foreign Investment

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Attitude toward Foreign Direct Investment

Improving the investment climate continues to be an important part of the SAG's broader program to liberalize the country's trade and investment regime, diversify an economy overly dependent on oil, and promotes employment for a young population. The government encourages investment in nearly all economic sectors, with priority given to transportation, education, health, information and communications technology, life sciences, and energy, as well as in four new "Economic Cities" that are at various stages of development. The Economic Cities are comprehensive large-scale developments in different regions focusing on particular industries, e.g., information technology.

Prospective investors will find Saudi Arabia attractive for its economic stability, large market (with a population of over 30 million), sound infrastructure, and well-regulated banking system. In the "2015 Doing Business" report, the World Bank ranked Saudi Arabia 49th out of 189 economies in terms of ease of doing business, a significant drop from 2012 where they ranked 22nd. In its "Corruption Perceptions Index 2014" report, Transparency International ranked Saudi Arabia as the 55th-cleanest out of 175 countries in terms of perceived levels of public-sector corruption, down from 57th in 2011 but still better than in 2008, when it ranked 80th. In its 2015 "Economic Freedom Index," the Heritage Foundation gave the Kingdom a score of 62.1 out of 100, a drop of 0.1 from 2014, placing it 77th out of the 178 rated countries. There are also disincentives to investment, including a government effort to force all employers to hire larger proportions of Saudis at higher costs, an increasingly restrictive visa policy for foreign workers,

extremely slow payment under some government contracts, a very conservative cultural environment, and enforced segregation of the sexes in nearly all business and social settings. Further, although the SAG is making progress towards establishing a commercial court system, there is no transparent, comprehensive legal framework for resolving commercial disputes in accordance with international standards. The indicator that most negatively affects its World Bank "Doing Business" ranking is resolving insolvency, where it ranks 163rd out of 189. Saudi Arabia has made progress on its World Trade Organization (WTO) commitments since joining the organization in 2005. However, the SAG has yet to initiate accession procedures to join the Government Procurement Agreement, as agreed during the Kingdom's accession process to the WTO.

Other Investment Policy Reviews

Saudi Arabia underwent its first WTO Trade Policy Review in January 2012, which included investment policy, and is expected to complete its second WTO review in late 2015.

Laws/Regulations of Foreign Direct Investment

In April 2000, the Council of Ministers established the Saudi Arabian General Investment Authority (SAGIA) to provide information and assistance to foreign investors and to foster investment opportunities (see www.sagia.gov.sa). SAGIA is headed by Governor Abdullatif al-Othman, and its duties include formulating government policies regarding investment activities, proposing plans and regulations to enhance the investment climate in the country, and evaluating and licensing investment proposals. SAGIA periodically reviews the list of activities excluded from foreign investment and submits its reviews to higher authorities for approval. Although these sectors are off-limits to 100 percent foreign investment, foreign minority ownership in joint ventures with Saudi partners may be allowed in some sectors. Foreign investors are no longer required to take local partners in many sectors and may own real estate for company activities. They are allowed to transfer money from their enterprises outside of the country and can sponsor foreign employees. Minimum capital requirements to establish business entities range from zero to 30 million Saudi riyals (\$8 million) depending on the sector and the type of investment. SAGIA's Investor Service Center (ISC) offers detailed information on the investment process, provides licenses and support services to foreign investors, and coordinates with government ministries to facilitate investment. According to SAGIA's regulations, the ISC must grant or refuse a license within 30 days of receiving an application and supporting documentation from the prospective investor. SAGIA established and posted new licensing guidelines in 2012, but many companies looking to invest in Saudi Arabia continue to work with local representation to facilitate the slow and often bureaucratic licensing process. Licenses in services and agriculture must be renewed after one year and in industry after every two years. An important SAGIA objective is to ensure that investors do not just acquire and hold licenses without investing. However, the periodic license reviews, with the possibility of cancellation, adds uncertainty for investors and can provide a disincentive to longer-term investment commitments. SAGIA has agreements with various SAG agencies and ministries to facilitate and streamline foreign investment. These agreements permit SAGIA to facilitate the granting of visas, establish SAGIA branch offices at Saudi embassies in different countries, prolong tariff exemptions on imported raw materials to three years and on production and manufacturing equipment to two years, and establish commercial courts. SAGIA opened a Women's Investment Center in spring 2003. To make it easier for businesspeople to visit the Kingdom, SAGIA can sponsor visa requests without

involving a local company. Saudi Arabia is also implementing a decree stating that sponsorship is no longer required for certain business visas. While SAGIA has set up the infrastructure to support foreign investment, many companies report that the process remains cumbersome and time-consuming. Pursuant to commitments it made when acceding to the WTO, Saudi Arabia has opened additional service markets to foreign investment, including financial and banking services; maintenance and repair of aircraft and computer reservation systems; wholesale, retail, and franchise distribution services; both basic and value-added telecom services; and investment in the computer and related services sectors.

Industrial Promotion

Government bodies such as the Royal Commission for Jubail and Yanbu and the Al-Riyadh Development Authority have actively promoted opportunities in Saudi Arabia's industrial cities and other regions. In addition to the majority-government-owned Saudi Arabian Basic Industries Corporation (SABIC), private investment companies, such as the National Industrialization Company, the Saudi Venture Capital Group, and the Saudi Industrial Development Company, have also become increasingly active in project development and in seeking out foreign joint-venture partners. The Saudi Industrial Development Fund (SIDF), an independent entity within the Ministry of Commerce and Industry, is an important source of financing for investors. The main objective of the SIDF is to support the development of the private industrial sector by extending medium- to long-term loans for the establishment of new factories and the expansion, upgrading, and modernization of existing ones. Foreign investors are eligible to receive low-cost financing for up to 50%, 60%, or 75% of project costs (i.e., fixed assets, pre-operating expenses, and start-up working capital) depending on the level of development of the region. Loans are provided for a maximum term of 15 to 20 years, again depending on the region, with repayment schedules designed to match projected cash flows for the project in question.

Limits on Foreign Control

There is no prohibition on foreign investment in refining and petrochemical development, and there is significant foreign investment in the downstream Saudi energy sector. ExxonMobil and Shell are both 50% partners in refineries with Saudi Aramco. ExxonMobil, Chevron Texaco, and Shell, as well as several other international investors, have formed joint ventures with SABIC to build large-scale petrochemical plants that utilize natural-gas feedstock from Saudi Aramco's existing operations at Ras Tanura. Aramco selected the Dow Chemical Company as its partner in a \$20-billion joint venture to construct, own, and operate a chemicals and plastics production complex in Saudi Arabia's Eastern Province. The national mining company, Maaden, has a \$12-billion joint venture with Alcoa for bauxite mining and aluminum production and a \$7-billion joint venture with the leading American fertilizer firm Mosaic and SABIC to produce phosphate-based fertilizers. Joint ventures almost always take the form of limited-liability partnerships, to which there are some disadvantages. Foreign partners in service and contracting ventures organized as limited-liability partnerships must pay, in cash or in kind, 100 percent of their contribution to authorized capital. SAGIA's authorization is only the first step for setting up such a partnership. Still, foreign investment is generally welcome in Saudi Arabia if it promotes economic development, transfers foreign expertise to Saudi Arabia, creates jobs for Saudis, and/or expands Saudi exports. Professionals, including architects, consultants, and consulting engineers, are required to register with, and be certified by, the Ministry of Commerce and Industry, in accordance with the requirements defined in the Ministry's Resolution 264 from 1982.

These regulations, in theory, permit the registration of Saudi-foreign joint-venture consulting firms. As part of its WTO accession commitments, Saudi Arabia generally allows consulting firms to establish an office in Saudi Arabia without a Saudi partner. However, offices practicing law, accounting and auditing, design, architecture, engineering, or civil planning or providing healthcare, dental, or veterinary services must have a Saudi partner, and the foreign partner's equity cannot exceed 75% of the total investment.

Privatization Program

In 2002, the Supreme Economic Council announced the approval of privatization procedures, open to domestic and foreign investors, and a timetable to transfer certain public services to the private sector. Twenty state-owned companies handling water supply and drainage, water desalination, telecommunications, mining, power, air transportation and related services, railways, some sectors of roadways, postal services, flour mills and silos, seaport services, industrial-cities services, government hotels, sports clubs, some municipality services, educational services, social services, agricultural services, health services, government portions of SABIC, banks, and local refineries were slated for privatization. As a result of the privatization strategy, the Saudi Telecommunications Company (STC) floated a minority stake (approximately 20%) on the stock market in January 2003, netting close to \$4 billion in proceeds. An additional 10% has since been offered for private ownership. The initial public offering (IPO) of 50% of the formerly state-owned National Company for Cooperative Insurance (NCCI) was completed in January 2005. The first SABIC offering went public on December 17, 2005, for 35% of the newly formed Yanbu National Petrochemical Company (YANSAB; to be capitalized at \$1.5 billion). YANSAB is SABIC's largest petrochemical complex to date, and the IPO netted \$533 million in capital. In July 2003, the SAG took significant, long-awaited steps to lower the corporate tax rate on foreign investors to a flat 20%; however, separate rates apply to investments in hydrocarbons. The flat tax replaced a tiered system with tax rates as high as 45%. While this was a welcome step toward more balanced treatment of foreign and Saudi-owned capital, the tax structure still favors Saudi companies and joint ventures with Saudi participation. Saudi investors do not pay corporate income tax, but are subject to a 2.5% tax, or "zakat," on net current assets.

Screening of FDI

All foreign investment projects in the Saudi Arabia must obtain a license from SAGIA. Investments in specific sectors may require additional licenses from other government authorities, including, but not limited to, the Saudi Arabian Monetary Agency (SAMA), the Capital Market Authority (CMA), or the Communications and Information Technology Commission (CITC). As noted above, SAGIA's Investor Service Center (ISC) offers detailed information on the investment process, provides licenses and support services to foreign investors, and coordinates with government ministries to facilitate investment. According to SAGIA's regulations, the ISC must grant or refuse a license within 30 days of receiving an application and supporting documentation from the prospective investor. SAGIA established and posted new licensing guidelines in 2012, but many companies looking to invest in Saudi Arabia work with local representation to facilitate the slow and often bureaucratic licensing process. Licenses in services and agriculture must be renewed after one year and in industry after two years. The periodic license reviews, with the possibility of cancellation, adds uncertainty for investors and can provide a disincentive to longer-term investment commitments.

Competition Law

SAGIA and the Ministry of Commerce and Industry review transactions for competition-related concerns. Concerns have arisen that allegations of price fixing for certain products may have been used on occasion as a pretext to control prices.

Investment Trends

Despite political upheaval across the Middle East and North Africa, and the transition to a new king upon the death of former King Abdullah in January 2015, Saudi Arabia's economy continues to expand at a healthy pace, with real GDP growth of 3.8% for CY2014, and inflation standing at a moderate 2.7% at the end of 2014. Oil revenues through Saudi Aramco accounted for 85% of the Saudi Arabian government's (SAG's) total export revenue in 2014. Notwithstanding the downturn in oil prices beginning in mid-2014, the Saudi government is committed to maintaining high levels of government spending and investment, particularly in health care, education, transportation/infrastructure, and housing.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	55 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	49 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	38 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	USD 26,260	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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Foreign Exchange

There is no limitation on the inflow or outflow of funds for remittances of profits, debt service, capital, capital gains, returns on intellectual property, or imported inputs, with the exception that bulk cash shipments greater than 60,000 riyals must be declared at the point of entry or exit. Since 1986, when the last devaluation occurred, the official exchange rate has been 3.75 Saudi riyals per USD. Transactions take place using rates very close to the official rate.

Remittance Policies

There are no restrictions on converting and transferring funds associated with an investment (including remittances of investment capital, earnings, loan repayments, and lease payments) into a freely usable currency at a legal market-clearing rate. There have been no recent changes, but press reports have quoted the Minister of Labor as saying the SAG intends to limit remittances by foreign workers at some point in the future. There are no delays in effect for remitting investment returns such as dividends, repatriation of capital, interest and principal on private foreign debt, lease payments, royalties and management fees through normal legal channels. There is no need for a

legal parallel market for investor remittances. Saudi Arabia is a member of Middle East and North Africa Financial Action Task Force (MENA-FATF).

Expropriation and Compensation

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The Embassy is not aware of the SAG ever having expropriated property from foreign investors without adequate compensation. There have been no expropriating actions in the recent past or policy shifts that would suggest there the SAG will initiate such actions in the near future. Some small to medium-sized foreign investors, however, have complained that their investment licenses have been cancelled without justification, causing them to forfeit their investments.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

The Saudi legal system is derived from the legal rules of Islam, known as Sharia law. The Ministry of Justice oversees the Sharia-based judicial system, but most ministries have committees to rule on matters under their jurisdiction. Many disputes that would be handled in a court in the United States are handled through intra-ministerial administrative processes in Saudi Arabia. Generally, the Saudi Board of Grievances has jurisdiction over disputes with the government and over commercial disputes. The Board also reviews all foreign arbitral awards and foreign court decisions to ensure that they comply with Sharia law. This review process can take years, and outcomes are unpredictable. Currently, the Saudi Ministry of Commerce and Industry is leading an ambitious project to overhaul commercial laws. This project entails drafting new laws while modernizing current ones, along with creating an arbitration center in cooperation with the Saudi Chambers of Commerce and Industry. In several cases, disputes have caused serious problems for foreign investors. For instance, Saudi partners have blocked foreigners' access to exit visas, forcing them to remain in Saudi Arabia against their will. In cases of alleged fraud, foreign partners may also be jailed to prevent their departure from the country while awaiting police investigation or adjudication of the case. Courts can impose precautionary restraint on personal property pending the adjudication of a commercial dispute. As with any investment abroad, it is important that U.S. investors take steps to protect themselves by thoroughly researching the business record of the proposed Saudi partner, retaining legal counsel, complying scrupulously with all legal steps in the investment process, and securing a well-drafted agreement. Saudi commercial law is still in its developing stage. In 1994 Saudi Arabia ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards. Saudi Arabia is also a member of the International Center for the Settlement of Investment Disputes (ICSID Convention). In 2012, the SAG revised its arbitration law to update certain provisions. Dispute settlement and enforcement of foreign arbitral awards in Saudi Arabia continues to be time-consuming and uncertain, carrying the risk that Sharia principles can potentially trump any foreign judgments or legal precedents. Even after a decision is reached in a dispute, enforcement of a judgment can still take years. The Embassy recommends consulting with local counsel in advance of investing to review legal options and appropriate contractual provisions for dispute resolution. The Committee for Labor Disputes (under the Ministry of Labor) and the Negotiable Instruments Committee, also called the Commercial Paper Committee) handle disputes involving private individuals. Judgments obtained in foreign courts, including arbitral

awards, are not consistently enforced by Saudi courts, despite Saudi Arabia's ratification of the New York Convention. Monetary judgments are based on the terms of the contract—i.e., if the contract is calculated in USD, a judgment may be obtained in USD. If unspecified, the judgment is denominated in Saudi riyals. Non-material damages and interest are not included in monetary judgments. In October 2007, King Abdullah issued a royal decree to overhaul the judicial system and allocated 7 billion Saudi riyals (approximately \$1.9 billion) to train judges and build new courts. To date, few changes have been implemented, although the SAG has disbursed a portion of the funds allocated for constructing new appeals courts and sending judges abroad for legal seminars. In early 2010, Saudi Arabia started the process of codifying the sharia regulations that govern the Kingdom's courts in an effort to bring clarity and uniformity to judicial rulings.

Bankruptcy

A bankruptcy law was enacted by Royal Decree no. N/16, dated 4/9/1416H in the Islamic calendar (corresponding to January 24, 1996). Articles contained in the law allow debtors to conclude financial settlements with their creditors through committees in each municipal or regional Chamber of Commerce and Industry or through the Board of Grievances. Designated as the Regulation on Bankruptcy Protective Settlement, the law is open to ordinary creditors, except in the case of privileged debts, and debts which arise pursuant to the settlement procedures. The Ministry of Commerce and Industry is revising the bankruptcy law to update key provisions and address several deficiencies in the Saudi bankruptcy regime. Potential investors should note that the indicator that most negatively affects Saudi Arabia's World Bank "Doing Business" ranking is resolving insolvency, where it ranks 163rd out of 189 countries.

Investment Disputes

The use of any international or domestic dispute settlement mechanism within Saudi Arabia continues to be time-consuming and uncertain, as all outcomes are subject to a final review in the Saudi judicial system and carry the risk that principles of Sharia law may potentially trump a judgment or legal precedent. The Embassy recommends consulting with local counsel in advance of investing to review legal options and contractual provisions for dispute resolution.

International Arbitration

The United States and Saudi Arabia signed a Trade and Investment Framework Agreement in 2003. In 2012, the SAG revised their domestic arbitration law to update certain provisions. However, as noted above, dispute settlement and enforcement of foreign arbitral awards in Saudi Arabia continue to be time-consuming and uncertain, as all outcomes are subject to a final review in the Saudi judicial system and carry the risk that principles of Sharia law may potentially trump a judgment or legal precedent. Even after a decision is reached in a dispute, effective enforcement of the judgment can still take years.

ICSID Convention and New York Convention

The Kingdom of Saudi Arabia ratified the 1958 New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards in 1994. Saudi Arabia is also a member state of the International Center for the Settlement of Investment Disputes (ICSID Convention), though under the terms of its accession it cannot be compelled to refer investment disputes to this system absent specific consent, provided on a case-by-case

basis. Saudi Arabia has yet to consent to the referral of any investment dispute to the ICSID for resolution.

Duration of Dispute Resolution

Dispute resolution in Saudi Arabia is time-consuming and can last for months or years. Even after a decision is reached in a dispute, effective enforcement of the judgment can take additional years.

Performance Requirements and Incentives

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WTO/TRIMS

The Saudi Arabia is a member of the World Trade Organization (WTO). To date, the SAG has not notified the WTO of any measures inconsistent with the requirements of the Agreement on Trade-Related Investment Measures (TRIMs), nor does it maintain any measures that are alleged to violate the WTO TRIMs text.

Investment Incentives

The government does not impose conditions on investment, such as locating in a specific geographic area, committing to specific percentages of local content or local equity, substitution for imports, export requirements or targets, or financing only by local sources. Nonetheless, the SIDF will provide additional incentives and better loan terms to foreign investors who set up their manufacturing facilities in Jizan, Hail, and Tabuk. The government uses its purchasing power to encourage foreign investment, requiring offsetting investments equivalent to 35% of a program's value for defense contracts exceeding 400 million Saudi riyals (\$107 million). In addition to defense offsets, the SAG is also seeking FDI in various key sectors, such as oil, power generation, railways, and others, with the aim of fostering job creation.

Research and Development

American and other foreign firms are able to participate in SAG-financed and/or -subsidized research-and-development programs.

Performance Requirements

Investors are not currently required to purchase from local sources or export a certain percentage of output, and their access to foreign exchange is unlimited. While not required to procure from local sources, investors may avoid import duties on raw materials only if they can show that these are not available locally. There is no requirement that the share of foreign equity be reduced over time. Investors are not required to disclose proprietary information to the SAG as part of the regulatory approval process, except where issues of health and safety are concerned. The government encourages recruitment of Saudi employees through a series of incentives and limits placed on the number of visas for foreign workers available to companies. The largest groups of foreign workers now come from Bangladesh, Egypt, India, Pakistan, the Philippines, and Yemen. The SAG announced in 2002 it would ease restrictions on the issuance of visas to foreign businessmen to allow greater access and decreed in 2005 that sponsor requirements for business visas would be lifted. Difficulties remain regarding the Saudi visa procedures, however, despite the government's announcement that foreign business visitors will no longer need to provide invitation letters from Saudi businesses to receive visas. In November 2007, Saudi Arabia declared that it would begin issuing U.S. business visitors five-year, multiple-entry visas at Saudi embassies, consulates, and ports of entry, but it has not yet fully implemented this policy. One-year

“business visas” are routinely issued to U.S. visitors who do not have an invitation letter from a Saudi company, and the visa applicants must provide proof that they are engaged in legitimate commercial activity. By contrast, “commercial visas” are issued by invitation from Saudi companies to applicants who have a specific reason to visit a Saudi company, and the maximum validity is five years if sponsored by Saudi Chamber of Commerce, rather than the company that issued the invitation letter.

Data Storage

Other than a requirement to retain records locally for ten years for tax purposes, there is no requirement regarding data storage or access to surveillance.

Right to Private Ownership and Establishment

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All entities with appropriate licenses have the right to establish and own business enterprises and engage in all forms of remunerative activity, except in those sectors on the SAG’s “negative list” reserved for state monopolies and Saudi citizens. Private entities generally have the right to establish, acquire, and dispose of interests freely in business enterprises.

Protection of Property Rights

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Real Property

The Saudi legal system protects and facilitates acquisition and disposition of all property, consistent with Islamic practice respecting private property. Non-Saudi corporate entities are allowed to purchase real estate in Saudi Arabia according to the foreign-investment code, and mortgages do exist, although the recording system is reportedly unreliable. Other foreign-owned corporate and personal property is protected, and the Embassy knows of no cases of government expropriation or nationalization of U.S.-owned assets in the Kingdom without adequate compensation. Saudi Arabia does have a system of recording security interests, and has plans to modernize an archaic land registry system. For more information, please refer to Saudi Arabia's data in the World Bank Group's "Doing Business 2015: Going Beyond Efficiency" publication: www.doingbusiness.org/rankings.

Intellectual Property Rights

Saudi Arabia undertook a comprehensive revision of its laws covering intellectual property rights to bring them in line with the WTO agreement on Trade Related Aspects of Intellectual Property Rights (TRIPs) and promulgated changes in coordination with the World Intellectual Property Organization (WIPO). The SAG updated its Trademark Law (2002), Copyright Law (2003), and Patent Law (2004) with the dual goals of TRIPs compliance and effective deterrence. In 2008, the Violations Review Committee created a website and has populated it with information on current cases. Although intellectual property right reforms are slow and inconsistent in some areas, the Kingdom is progressing overall. The current Law on Patents, Layout Designs of Integrated Circuits, Plant Varieties and Industrial Designs has been in effect since September 2004. The patent office continues to build its capacity through training, has streamlined its procedures, hired more staff, and reduced its backlog. Patents are available for both products and processes. The term of protection was increased from 15 to 20 years under the new law, but patent holders can no longer apply for a routinely granted five-year extension. In December 2009, the Saudi Council of Ministers approved the

Kingdom's accession to both the Intellectual Property Owners Association Patent Cooperation Treaty (PCT) and its Implementing Regulations and the Patent Law Treaty (PLT) adopted by the Diplomatic Conference in Geneva on June 1, 2000. In September 2009, the King approved a mechanism to protect Exclusive Marketing Rights (EMR) for certain pharmaceutical products that had lost patent protection when Saudi Arabia transitioned to a new TRIPS-compliant patent law in 2004. EMR protection in Saudi Arabia expires on the same date the patent expires in the United States or the European Union, and companies report that they have received EMR protection for accepted applications. The SAG has revised its Copyright Law and is seeking to impose stricter penalties on copyright violators. In January 2010, the Ministry of Culture and Information referred the first-ever copyright-violation case to the Board of Grievances for deterrent sentencing. The SAG has stepped up efforts to force pirated printed material, recorded music, videos, and software off the shelves of stores, including relatively frequent raids on shops selling pirated goods. However, many pirated materials are still available in the marketplace. The use of pirated software increases possible cyber-security vulnerability in some systems. An Islamic religious edict ("fatwa") stating that software piracy is "forbidden" has not been backed up by strong enforcement efforts. Some software utilized by the Saudi government is reportedly unlicensed or "underlicensed." Comprehensive data on seizures of counterfeit goods is not available, but the SAG does make public announcements in local media when large seizures are made. Based on such announcements by Saudi Customs, the U.S. Embassy estimates that over \$500 million in counterfeit goods are seized on average during one calendar year. The Rules for Protection of Trade Secrets came into effect in 2005. Trademarks are protected under the Trademark Law. Saudi Arabia has one of the best trademark laws in the region, and the Saudi Customs Authority has significantly stepped up its enforcement efforts. Saudi Arabia received anti-counterfeiting and piracy awards from the World Customs Organization (WCO) in 2009 for organizing the first Pan-Arab conference on this issue, building the capacity of the Customs Authority, and translating WCO documents into Arabic. Saudi Arabia has not signed or ratified the WIPO internet treaties. For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at www.wipo.int/directory/en.

Resources for Rights Holders

Embassy point of contact: Deputy Commercial Officer Erik Hunt ; Erik.Hunt@trade.gov
Local lawyers list: <http://riyadh.usembassy.gov/service/country-specific-information.html>

Transparency of Regulatory System

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There are few aspects of the SAG's regulatory system that are transparent, although Saudi investment policy is less opaque than many other areas. Saudi tax and labor laws and policies favor technology transfer and the employment of Saudis rather than fostering competition. Saudi health and safety laws and policies are not used to distort or impede the efficient mobilization and allocation of investments. Bureaucratic procedures are cumbersome, but red tape can generally be overcome with persistence. There are no informal regulatory processes managed by NGOs or private-sector associations. Proposed laws and regulations are not always published in draft form for public comment. Some government agencies permit public comments through their websites. Before introducing major regulatory changes, Saudi authorities are usually open to consultation with stakeholders, though the processes and procedures for doing so are not generally codified in law or regulations. There are no private-sector or government

efforts to restrict foreign participation in the industry standards-setting consortia or organizations that are available.

Efficient Capital Markets and Portfolio Investment

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Financial policies generally facilitate the free flow of private capital, and currency can be transferred in and out of Saudi Arabia without restriction. The Saudi Capital Market Authority is reportedly poised to open the stock market to qualified foreign investors in 2015; non-GCC foreign investors are currently only able to invest in the stock market through swap agreements and exchange-traded funds. The Capital Markets Law, passed in 2003, allows for brokerages, asset managers, and other non-bank financial intermediaries to operate in the Kingdom. The law created a market regulator, the Capital Market Authority (CMA), which was established in 2004, and opened the stock exchange to public investment. As of the end of 2013, the CMA listed the number of licenses issued for various securities business activities at 514, with "Advising" activity accounting for the highest number of licenses at 83. There is an effective regulatory system governing portfolio investment in Saudi Arabia.

In 2003, the Saudi Arabian Monetary Agency (SAMA), the central bank, enhanced and updated its 1995 Circular on Guidelines for the Prevention of Money Laundering and Terrorist Financing. The enhanced guidelines are more compliant with the Banking Control Law, the Financial Action Task Force (FATF) 40 Recommendations, the nine Special Recommendations on Terrorist Financing, and relevant UN Security Council Resolutions. In 2014, King Abdullah ratified a new counter-terrorism law officially criminalizing acts of terrorism and the financing of terrorism. Historically, credit was widely available to both Saudi and foreign entities from commercial banks and was allocated on market terms. The global financial crisis of 2008, followed by the default on \$20 billion in debt by two Saudi business concerns and the debt restructuring in Dubai, substantially reduced this availability to all parties, resulting in the delay or cancellation of some projects. Credit became somewhat more available in 2011 and 2012, but extraordinary public spending limited the demand for private lending. In addition to large-scale supplemental programs, credit is available from several government institutions, such as the Saudi Industrial Development Fund, which allocate credit based on government-set criteria rather than market conditions. Companies must have a legal presence in Saudi Arabia in order to qualify for credit.

The private sector has access to term loans, and there have been a number of issuances of sharia-compliant bonds, known as "sukuk," but there is no fully developed corporate bond market. There were six public securities offerings in 2014. In 2012, the Council of Ministers issued five long-awaited new laws concerning mortgages and the wider financial sector—the Real Estate Finance Law, Financial Lease Law, Law on Supervision of Finance Companies, Real Estate Mortgage Law, and Execution/Enforcement Law. Private-sector contacts are generally optimistic about the laws' long-term potential to enhance mortgage penetration, attract additional investment to the private housing market, and increase overall lending, but the extent of their impact remains unclear. The eventual implementing regulations for the Execution/Enforcement Law will prove especially important, given that uncertainty about enforcement of lenders' rights has been cited as a major reason for anemic mortgage lending in the Kingdom. As part of the economic reforms initiated for accession to the WTO, Saudi Arabia liberalized licensing requirements for foreign investment in financial services. In addition,

the government increased foreign-equity limits in financial institutions from 40% to 60% to entice further foreign investment.

Money and Banking System, Hostile Takeovers

In the last few years, the SAG has taken steps to increase foreign participation in its banking sector by granting operating licenses to foreign banks. As of 2014, SAMA had granted 11 foreign banks licenses to operate in the Kingdom: BNP Paribas, Deutsche Bank, Emirates NBD, Gulf International Bank, J.P. Morgan Chase, Muscat Bank, National Bank of Bahrain, National Bank of Kuwait, National Bank of Pakistan, State Bank of India, and T.C. Ziraat Bankasi A.S. The Cabinet further approved the licensing of a branch of the Chinese Bank of Industry and Commerce, although according to SAMA's website the license "has not started yet." The legal, regulatory, and accounting systems practiced in the banking sector are generally transparent and consistent with international norms. SAMA, which oversees and regulates the banking system, generally gets high marks for its prudent oversight of commercial banks in Saudi Arabia. SAMA is the only central bank in the Middle East other than Israel's that is a member and shareholder of the Bank for International Settlements in Basel, Switzerland.

Competition from State Owned Enterprises

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State-owned enterprises (SOEs) play a leading role in the Saudi economy, particularly in water, power, oil, natural gas, and petrochemicals. Saudi Aramco, the world's largest producer and exporter of crude oil and a large-scale oil refiner and producer of natural gas, is 100% SAG-owned, and its revenues typically account for around 85-90% of the SAG's budget. Saudi Arabia's leading petrochemical company, Saudi Basic Industries Corporation (SABIC), is 70% owned by the SAG. SABIC's Chairman is a member of the royal family and also the chair of the Royal Commission of Jubail and Yanbu; four additional members of SABIC's seven-member board are SAG officials. The SAG tends to be similarly well-represented in the leadership of other SOEs. State-owned Saudi Arabian Airlines (Saudia) competes against Nas Air, a private, low-cost carrier, but enjoys substantial discounts on aviation fuel.

OECD Guidelines on Corporate Governance of SOEs

The Embassy is not aware of SOEs expressly exercising delegated governmental powers, though they are heavily involved in policy consultations. SOEs benefit from water, power, and feedstock sold below market rates and often receive free land from the SAG. Generally, private industries also get water, power, and feedstock at below-market prices, and the SAG often gives land as part of public-private partnerships, but fully private enterprises do not typically receive free land unless as part of a SAG effort to stimulate specific sectors. In principle, credit is equally available to private companies and SOEs. The Embassy does not believe Saudi SOEs to operate, in practice, under hard budget constraints. The detail and regularity of financial reporting by SOEs vary and do not consistently meet international financial reporting standards, including the OECD Guidelines on Corporate Governance for SOEs. It is likely that domestic courts would tend to resolve investment disputes in favor of SOEs, though there are examples of rulings in favor of private sector claimants against SAG entities.

Sovereign Wealth Funds

In 2008, the Kingdom established a sovereign wealth fund, the Saudi Arabian Investment Company (also known as Sanabil al-Saudia), a wholly SAG-owned entity

within the Ministry of Finance's Public Investment Fund. The fund began with \$5.3 billion of startup capital, but little information is available regarding the fund's organization or operations.

Corporate Social Responsibility

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There is a dawning awareness of corporate social responsibility (CSR) in Saudi Arabia. The SAG sees CSR primarily as a component of its competitiveness vis-à-vis global economies and has knit CSR promotion to its goal of becoming a top-ten economy. In July 2008, SAGIA, the King Khalid Foundation, and the international NGO AccountAbility jointly established the Saudi Arabian Responsible Competitiveness Index (SARCI), a ranking of companies' CSR contributions. The results led to the granting of the King Khalid Responsible Competitiveness Award in several categories at the annual Global Competitiveness Forum. The Embassy believes the SAG and major corporations are fully aware of CSR but does not believe CSR currently has a broad impact on consumer perception.

OECD Guidelines for Multinational Enterprises

The government encourages foreign and local enterprises to follow generally accepted CSR principles, including the OECD Guidelines for Multinational Enterprises.

Political Violence

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The Department of State authorized the return of staff family members to U.S. Embassy Riyadh, U.S. Consulate General Jeddah, and U.S. Consulate General Dhahran in 2010, but continues to warn U.S. citizens about the security situation in Saudi Arabia and frequently reminds U.S. citizens of recommended security precautions. In the most recent Travel Warning for Saudi Arabia, the Department of State urges U.S. citizens to consider carefully the risks of traveling to Saudi Arabia. Significant enhancements in the capacity and capability of Saudi security and intelligence forces have greatly improved the security environment, but it is important to note that there is an ongoing security threat from transnational terrorist organizations such as the Islamic State and Al Qaida in the Arabian Peninsula (AQAP).

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official in international business, for example to secure a contract, should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at:

www.justice.gov/criminal/fraud/fcpa/guidance. For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: www.justice.gov/criminal/fraud/fcpa.

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (negotiated under the auspices of the OECD), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to [add instrument to which this country is party].

OECD Antibribery Convention: The Antibribery Convention entered into force in February 1999. As of January 2015, there are 41 parties to the Convention, including the United States (see www.oecd.org/corruption/oecdantibriberyconvention.htm). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. [Insert information as to whether your country is a party to the Antibribery Convention and has a foreign bribery law.]

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 174 parties to it as of March 2015 (see www.unodc.org/unodc/en/treaties/CAC/signatories.html). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of January 2015, the OAS Convention has 34 parties (see www.oas.org/juridico/english/Sigs/b-58.html) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see www.oas.org/juridico/english/mesicic_intro_en.htm). [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). See www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2015, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENGandNT=173>; <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENGandNT=174>). [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic

official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States. The [name of FTA] came into force in [date].]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department's U.S. and Foreign Commercial Service can provide assistance with navigating the host country's legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company's overarching compliance program when choosing business partners or agents overseas. The U.S. and Foreign Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its website at www.trade.gov/cs.

The United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel, and reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the General Counsel, U.S. Department of Commerce, website, at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. More general information on the FCPA is available at the websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa> and <http://www.justice.gov/criminal/fraud/fcpa/guidance/>
- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>. See also Antibribery Recommendation <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.
- GRECO monitoring reports can be found at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp

- MESICIC monitoring reports can be found at:
http://www.oas.org/juridico/english/mesicic_intro_en.htm
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>. For more information on APEC generally, <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents, and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/research/gcr>.
- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2013, for six dimensions of governance (Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law, and Control of Corruption). See <http://info.worldbank.org/governance/wgi/index.aspx#home>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>
- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of

countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report/>.

Bilateral Investment Agreements

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Saudi Arabia has Investment Promotion and Protection Agreements with Austria, Belgium, China, France, Germany, Italy, Malaysia, and Taiwan. The Kingdom has cooperation agreements of varying scope with 36 countries, including an agreement on secured private investment with the United States that has been in place since February 1975. The United States and Saudi Arabia signed a Trade and Investment Framework Agreement in 2003. Further information on the above, and on miscellaneous additional agreements, can be found at <http://www.sagia.gov.sa/en/Investment-climate/Some-Things-You-Need-To-Know-/International-agreements/>.

Bilateral Taxation Treaties

Saudi Arabia does not have a bilateral taxation treaty with the United States.

OPIC and Other Investment Insurance Programs

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OPIC stopped operating in Saudi Arabia in 1995 due to the government's failure to take steps to adopt and implement laws that extend internationally recognized workers' rights to its labor force. Saudi Arabia has been a member of the Multilateral Investment Guarantee Agency since April 1988.

Labor

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The Ministry of Labor and the Ministry of Interior regulate recruitment of expatriate labor, which makes up a large majority of the private-sector workforce. The government encourages recruitment of Saudi employees through a series of incentives and limits placed on the number of visas for foreign workers available to companies.

The largest groups of foreign workers come from Bangladesh, Egypt, India, Pakistan, the Philippines, and Yemen. Westerners compose less than 2% of the labor force. Beginning with the 1969 Labor and Workman Regulations, Saudi Arabia has pursued a number of localization schemes to combat unemployment among Saudis, which the CIA World Factbook estimated at 10.5% for Saudi males in 2013, a rate believed to be much higher among women. Local bank and other estimates put the unemployment rate at as high as 25%. The employment schemes attempted to require blanket "Saudi-ization" percentages irrespective of sector or company size, failing to account for fundamental differences in organization and the nature of work. Enforcement was inconsistent.

The SAG largely ignored violations by influential business owners and lacked resources to conduct sufficient inspections elsewhere, as a majority of firms were unable to meet the unreasonable requirements. In 2011, however, the Ministry of Labor laid out a more sophisticated plan known as "Nitaqat," under which companies are divided into sectors, each with a different set of quotas for Saudi employment based on company size. Each company is determined to be in one of four strata based on actual percentage of Saudi employees, with platinum and green strata for companies meeting or exceeding the quota for their sector and size, and yellow and red strata for those failing to meet it. The

Ministry of Labor set the quota for each sector so that 50% of companies were already platinum or green and the remaining 50% non-compliant. Expatriate employees in red and yellow companies can move freely to green or platinum companies, without the approval of their current employers, and green and platinum companies have greater privileges with regard to securing and renewing work permits for expatriates.

The Ministry of Labor has announced the goal of reducing the expatriate population from approximately 30% currently to 20% of the total population. Many elements of Nitaqat have garnered criticism from the private sector and parts of the government, but the SAG claims it resulted in the employment of 380,000 Saudis in its first ten months. In 2013, the Ministry of Labor and Ministry of Interior launched an ongoing campaign to deport illegal and improperly documented workers, which has resulted in higher labor costs for many businesses. In addition, all companies operating in the Kingdom, regardless of sector or size, are now obliged to pay SR 2,400 (\$640) per year for each expatriate employee in excess of the number of the company's Saudi employees. Numerous employers, particularly in construction and other blue-collar services sectors, have vehemently criticized the SAG's new labor policies, but it appears the SAG will continue to enforce them. Saudi labor law forbids union activity, strikes, and collective bargaining. However, the government allows companies that employ more than 100 Saudis to form "labor committees." By-laws detailing the functions of the committees were enacted in April 2002. Domestic workers are not covered under the provisions of the latest labor law, issued in 2005.

The Saudi Majlis al-Shura, a consultative assembly with a role in the legislative process, has proposed a law covering domestic workers. Overtime is normally compensated at time-and-a-half rates. The minimum age for employment is 14. The SAG does not adhere to the International Labor Organization's (ILO) convention protecting workers' rights. A July 2004 decree addresses some workers'-rights issues for non-Saudis, and the Ministry of Labor has begun taking employers to the Board of Grievances. Some of these penalties include banning these employers from recruiting foreign and/or domestic workers for a minimum of five years.

Foreign-Trade Zones/Free Ports

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Saudi Arabia permits transshipment of goods through its ports in Jeddah, Dammam, and King Abdullah Economic City, and it has bonded re-export zones at the Jeddah and Dammam ports. Saudi Arabia is also a member of the Gulf Cooperation Council (GCC), which confers special trade and investment privileges among the six member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the UAE), and of the Arab Free Trade Zone, established in 2005.

Foreign Direct Investment Statistics

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Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2013	718,500	2013	\$748,400	www.worldbank.org/en/country

Foreign Direct Investment	Host Country Statistical source*	USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)	N/A	2013	\$10,550	BEA
Host country's FDI in the United States (\$M USD, stock positions)	N/A	2013	\$0	BEA
Total inbound stock of FDI as % host GDP	N/A	2013	1.5%	BEA

Table 3: Sources and Destination of FDI

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)					
Inward Direct Investment			Outward Direct Investment		
Total Inward	169,206	100%	Total Outward	N/A	100%
Kuwait	16,761	10%			
France	15,918	9%			
Japan	13,160	8%			
United Arab Emirates	12,601	7%			
China, P.R.: Mainland	9,035	5%			

"0" reflects amounts rounded to +/- USD 500,000.

Source: IMF Coordinated Direct Investment Survey

Note: Data are from 2010 (latest available)

Table 4: Sources of Portfolio Investment

IMF Coordinated Portfolio Investment Survey data are not available for Saudi Arabia.

Economic Section and Foreign Commercial Service Offices
Embassy of the United States of America
P. O. Box 94309
Riyadh 11693, Saudi Arabia
Phone: +966 11 488-3800
Fax: +966 11 488-3237
E-mail: office.riyadh@trade.gov

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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An irrevocable letter of credit (L/C) is the instrument normally used for Saudi imports. Open account, cash in advance and documentary collections are also acceptable if both parties agree. Maximum or minimum credit terms are not required. Export Credit Insurance for political and commercial risk is available from the U.S. Export-Import Bank in Washington, D.C. (<http://www.exim.gov/>).

The Saudi Credit Bureau (SIMAH) (<http://www.simah.com/en/Home.aspx>) is Saudi Arabia's first comprehensive consumer-credit bureau. SIMAH was established in 2004 under the Saudi Arabia's banking and operating under regulations established by the Saudi Arabia Monetary Agency (SAMA). The providing of consumer and corporate financial information is not allowed for non-banking institutions.

Debt collection is usually undertaken by a number of law firms. A representative list of lawyers is available through the U.S. Commercial Service (<http://photos.state.gov/libraries/saudi-arabia/768382/yoderja/lawyers2013.pdf>).

How Does the Banking System Operate

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The Kingdom's financial system consists of the Saudi Arabia Monetary Agency (central bank), the commercial banks, specialized lending institutions, and the stock market. The Saudi Arabia Monetary Agency (SAMA) is the central bank of Saudi Arabia and was established to supervise banks and financial institutions, manage monetary policy, oversee the financial system and insurance, and to maintain soundness within the banking system. The banking sector has been organized per promulgated regulations stemming from a Royal Decree in 1966. Bank licenses are issued by the Council of Ministers upon the recommendation from the Finance Minister and Central Bank review. The government's stake in commercial banks is less than 10%, as adequate monetary flows enable fair price funding.

There are twelve domestic banks licensed in Saudi Arabia: The National Commercial Bank (NCB), The Saudi British Bank (SABB), Saudi Investment Bank, Alinma Bank, Banque Saudi Fransi, Riyadh Bank, SAMBA Financial Group, Saudi Hollandi Bank, Al Rajhi Bank, Arab National Bank, Bank Al Bilad, and Bank Al Jazira. Foreign banks licensed to operate branches in Saudi Arabia include Gulf International Bank (GIB),

Emirates (NBD), National Bank of Bahrain (NBB), National Bank of Kuwait (NBK), Muscat Bank, Deutsche Bank, BNP Paribas, J.P. Morgan Chase, the National Bank of Pakistan (NBP), State Bank of India (SBI), and the Industrial and Commercial Bank of China (licensed but not yet operational).

In the financial services sector, the Capital Market Authority (CMA) licensed 91 foreign and local companies to provide financial and brokerage services. Major companies include BNP Paribas, Credit Suisse, Deutsche Securities, Goldman Sachs, JP Morgan, KKR, Societe Generale, and UBS among others. During 2013, there were five IPOs in Saudi Arabia valued at USD 506 million.

On March 7, 2014, Fitch upgraded Saudi Arabia's credit rating from AA- to AA. Fitch noted that the upgrade was related to Saudi Arabia's real GDP growth exceeding its peers (3.8 percent increase in GDP for 2013), and that non-oil economic growth remained at a strong 5 percent. Fitch also upgraded the country ceiling from AA to AA+.

Regulatory Oversight

The Saudi Arabian Monetary Agency (SAMA) maintains on-line the banking regulations to which commercial banks and financial institutions must follow. Information on the regulatory environment of the banking and financial sector can be found at the SAMA website at:

<http://www.sama.gov.sa/sites/SAMAEN/RulesRegulation/BankingSystem/Pages/Home.aspx> For an overview of SAMA, information can be found at this web link:

<http://www.sama.gov.sa/sites/samaen/AboutSAMA/Pages/Home.aspx>. For information related to the financial markets and the stock exchange, please see the web link of the Capital Market Authority at:

http://www.cma.org.sa/en/Pages/Implementing_Regulations.aspx.

Foreign-Exchange Controls

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Saudi Arabia imposes no foreign exchange restrictions on capital receipts or payments by residents or nonresidents, beyond a prohibition against transactions with Israel. Although officially linked to the IMF's Special Drawing Rights, Saudi Arabia in practice pegs its currency, the Saudi riyal (SAR), to the U.S. dollar.

Saudi Arabia set its official currency exchange rate at SAR 3.75 = \$1. Residents of Saudi Arabia may freely and without license buy, hold, sell, import, and export gold, with the exception of gold of 14 karats or less.

On July 8, 2013, the Executive Board of the International Monetary Fund (IMF) concluded its Article IV consultation with Saudi Arabia. The IMF noted that Saudi Arabia had been one of the best performing G-20 economies in recent years. The IMF noted that private sector growth should continue to be strong, the banking systems well-capitalized, with Basle III capital standards implemented in January 2013. The IMF Directors agreed that the pegged exchange rate continues to remain appropriate.

U.S. Banks and Local Correspondent Banks

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The Saudi Arabian Monetary Agency (SAMA) has granted licenses to J.P. Morgan Chase, Goldman Sachs, and KKR Morgan Stanley, Merrill Lynch, and Goldman Sachs to operate in Saudi Arabia as a foreign investment banking entity. Currently, 12

majority Saudi-owned banks and five regional banks are licensed to operate in Saudi Arabia. The regional banks include Emirates Bank, Gulf International Bank, Muscat Bank, National Bank of Bahrain, and the National Bank of Kuwait.

The Saudi Arabian Monetary Agency (SAMA) also granted licenses to international investment banks, including, Deutsche Bank, BNP-Paribas, J.P. Morgan, the State Bank of India, and the National Bank of Pakistan to open a branch office.

Project Financing

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There are currently about \$960 billion worth of projects planned or under way in Saudi Arabia. Of these, more than \$700 billion are megaprojects, or large master planned developments of more than \$1billion, making Saudi Arabia the biggest opportunity in the region for businesses involved in the infrastructure and construction sectors. The revenues from hydrocarbon resources are expected to be sufficient to support planned development spending and support private sector growth. The FY-2014 budget projected spending is \$219 billion.

Project Finance Institutions:

The U.S. Export-Import Bank (EX-IM Bank): Saudi Arabia is the third-largest export market for EX-IM financing. The EX-IM Bank team offered trade finance support for chemical projects, energy projects, electricity generation, and water. EX-IM is looking at supporting additional major projects in the Kingdom. For additional information on the Export-Import Bank, please see the following website: <http://www.exim.gov/>

International Finance Corporation (IFC)-a member of the World Bank Group: IFC's strategy in Saudi Arabia focuses on promoting selective business and supporting the country's financial markets (particularly housing finance, insurance, and leasing), infrastructure development, and lending to SMEs as ways to support job creation and economic growth. For additional information, please visit the IFC website: http://www.ifc.org/wps/wcm/connect/region__ext_content/regions/europe+middle+east+and+north+africa/ifc+middle+east+north+africa+and+southern+europe/countries/saudi+arabia+country+landing+page

Saudi Industrial Development Fund (SIDF): provides financial assistance in the form of medium and long term loans to investors in industry besides including the offering of technical, administrative, financial and marketing advice to borrowers

Saudi Agricultural Bank: a public credit institution, specializing in providing finance for various agricultural activities in all regions of the Kingdom. Its mission is to assist in the development of the agricultural sector and the enhancement of its production efficiency by introducing up-to-date, state of the art, scientific and technical methods through providing soft interest-free loans to farmers to enable them to secure such industry prerequisites as machinery, irrigation pumps, agricultural equipment, livestock and poultry keeping and fish farming equipment.

Saudi Credit Bank: provide interest-free loans for small enterprises, employers, and emerging trades to encourage them to run their own businesses independently. The bank operates twenty-six branches throughout Saudi Arabia.

Public Investment Fund (PIF): The Public Investment Fund funded numerous projects in important sectors of the Saudi Arabian economy, including petroleum refineries, petrochemical industries, pipelines and storage, transportation, energy, minerals, water desalination and infrastructural facilities. It has also participated in the capital funding of a number of bilateral and Pan Arab corporations.

Islamic Development Bank: fosters the economic development and social progress of member countries and Muslim communities. It participates in equity capital and grants loans for productive projects and enterprises, besides providing financial assistance to member countries in other forms for economic and social development.

Saudi Fund for Development: offers financing for Saudi exports to countries where there is no commercial bank coverage, no correspondent banks and/or high-risk country/bank.

Islamic Corporation for the Insurance of Investment and Export Credit (ICIEC): provides Export Credit guarantees on exports to member states and to companies owned/partly owned by member states. In addition, the corporation provides investment insurance and guarantees against country risks to member states.

REGIONAL ORGANIZATIONS

Arab Fund for Economic and Social Development: an autonomous regional Pan-Arab development finance organization. Members include all Arab states in the League of Arab Nations.

Arab Industrial Development and Mining Organization: a Pan-Arab organization for the encouragement of industrial and mining investments.

Arab Monetary Fund: a 21-member regional Arab organization aiming to improve the balance of payments of member states, to promote Arab monetary cooperation as well as trade among member states. The organization also advises member countries on policies with respect to their foreign investments.

Inter-Arab Investment Guarantee Corporation: promote and facilitate inter-Arab investments and trade.

Web Resources

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Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry and Analysis team:
<http://www.export.gov/tradefinanceguide/index.asp>

Export-Import Bank of the United States: <http://www.exim.gov>
Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html
OPIC: <http://www.opic.gov>
Trade and Development Agency: <http://www.tda.gov/>
SBA's Office of International Trade: <http://www.sba.gov/oit/>
USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccs/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>
Export-Import Bank of the United States: <http://www.exim.gov>
Country Limitation Schedule:
<http://www.exim.gov/tools/countrylimitationschedule/index.cfm>
OPIC: <http://www.opic.gov/>
Trade and Development Agency: <http://www.ustda.gov/>
SBA's Office of International Trade: <http://www.sba.gov/>
USDA Commodity Credit Corporation:
<http://www.fsa.usda.gov/FSA/webapp?area=aboutandsubject=landingandtopic=sao-cc>
U.S. Agency for International Development: <http://www.usaid.gov/>
International Finance Corporation (World Bank):
http://www.ifc.org/wps/wcm/connect/corp_ext_content/ifc_external_corporate_site/home
Arab Fund for Economic and Social Development: <http://www.arabfund.org/>
Arab Industrial Development and Mining Organization:
<http://www.aidmo.org/index.php?lang=en>
Arab Monetary Fund: <http://www.amf.org.ae/>
Council of Saudi Chambers of Commerce and Industry:
<http://www.csc.org.sa/English/Pages/default.aspx>
Inter-Arab Investment Guarantee Corporation: <http://iaigc.net/>
Islamic Corporation for the Insurance of Investment and Export Credit:
<http://www.iciec.com/>
Islamic Development Bank: <http://www.isdb.org/irj/portal/anonymous>
Saudi Orix Leasing Corporation: <http://www.saudiorix.com.sa/>
Public Investment Fund: <http://www.mof.gov.sa/english/Pages/investment.aspx>
Saudi Credit Bureau – SIMAH: <http://www.simah.com/en/Home.aspx>
Saudi Arabian Monetary Agency:
<http://www.sama.gov.sa/SITES/SAMAEN/Pages/Home.aspx>
Saudi Fund for Development:
http://www.sfd.gov.sa/webcenter/faces/oracle/webcenter/page/scopedMD/s5dc73d77_7324_4d08_b347_444721019cba/Page24.jspx?_afLoop=608603538444519#%40%3F_afLoop%3D608603538444519%26_adf.ctrl-state%3D16ufxej76s_89
Saudi Industrial Development Fund: <http://www.sidf.gov.sa/En/Pages/default.aspx>
Saudi Investment Bank: <http://www.saib.com.sa/en>
Saudi Credit Bank: <http://www.scb.gov.sa/home.aspx?lang=en-US>
Saudi Stock Exchange – Tadawul:
http://www.tadawul.com.sa/wps/portal!/ut/p/c1/04_SB8K8xLLM9MSSzPy8xBz9CP0os3g_AewIE8TIwP3gDBTA08Tn2Cj4AAvY_dQA_3gxCJ9P4_83FT9gmxHRQAK2gLn/dl2/d1/L0IHSkovd0RNQUpRQUVnQSEhL1lCWncvZW4!/

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Chapter 8: Business Travel

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- [Travel Advisory](#)
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Business Customs

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The website of the U.S. Commercial Service in Saudi Arabia has a section on Saudi Culture, Customs, and Business Etiquette. For more information, please visit our site at <http://export.gov/saudiarabia/saudicustomsetiquette/index.asp>.

In addition, the following websites of the U.S. Department of State contains a wealth of information useful to business traveler to the Kingdom of Saudi Arabia, including updated travel advisories.

<http://riyadh.usembassy.gov/service.html>

<http://www.state.gov/travel> <http://www.state.gov/business>

While modern Saudi Arabia has adopted numerous business methods and styles of the West, many cultural differences remain. Most important is that business will generally only be conducted after a degree of trust and familiarity has been established. Considerable time may be spent exchanging courtesies, and several visits may be needed to establish a business relationship. Business visitors should arrange their itineraries to allow for long meetings, as traditional Saudis often maintain an “open office” in which they will sign papers, take telephone calls and converse with friends or colleagues who drop by. Tea and traditional Saudi coffee are usually offered. One to three cups of Saudi coffee should be taken for politeness, after which the cup may be wiggled between thumb and forefinger when returning it to the server to indicate that you have finished.

Many Saudi businessmen have been educated or have traveled extensively in the West and are sophisticated in dealing with Americans. For the most part, travelers can rely on Western manners and standards of politeness to see them through, with a few additional rules that may be observed. One should avoid sitting at any time with the sole of the foot pointed at the host or other guest. Unless one is on familiar terms with a Saudi, it may be discourteous to ask about a man’s wife or daughters; ask instead about his family. Shoes are often removed before entering a Saudi living room (*majlis*). If you are invited to the home of a Saudi for a party or reception, a meal is normally served at the end of the

evening, and guests will not linger long after finishing. Be observant and adapt your behavior to the customs of your host.

Dress is conservative for both men and women. Men should not wear shorts or tank tops, while women are advised to wear loose-fitting and concealing clothing with long skirts, elbow-length sleeves and modest necklines.

There is strict gender separation in the Kingdom and restaurants maintain separate sections for single men and families. Wives are often excluded from social gatherings or are entertained separately.

Travel Advisory

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Current travel warnings and advisories can be found on the U.S. State Department's site: <http://travel.state.gov/content/passports/english/alertswarnings.html>. Travelers should check this link for any updates to the security situation before leaving the United States.

The Department of State warns U.S. citizens about the security situation in Saudi Arabia and reminds U.S. citizens of recommended security precautions. The Department of State urges U.S. citizens carefully to consider the risks of traveling to Saudi Arabia.

It is important to note that there remains an ongoing security threat due to the continued presence of terrorist groups, such as Al-Qaida and the Islamic State (ISIS), which may target Western interests, housing compounds, hotels, shopping areas and other facilities where Westerners congregate. These terrorist groups may employ a wide variety of tactics and also may target Saudi Government facilities and economic/commercial targets within the Kingdom. Significant improvements in the capacity and capability of Saudi security and intelligence forces have greatly improved the security environment. Although much improved, the improvements remain fragile and reversible.

The State Department issues consular information for every country of the world with information on such matters as the health conditions, crime, unusual currency or entry requirements, any areas of instability and the location of the nearest American embassy or Consulate in the subject country. For consular information related to travel to Saudi Arabia, information can be found on the following site: <http://travel.state.gov/content/passports/english/country/saudi-arabia.html>.

U.S. citizens who choose to visit Saudi Arabia are strongly urged to avoid staying in hotels or housing compounds that do not apply stringent security measures and also are advised to be aware of their surroundings when visiting commercial establishments frequented by Westerners. U.S. citizens also are advised to keep a low profile, vary times and routes of travel, exercise caution while driving, entering or exiting vehicles, and ensure that travel documents and visas are current and valid.

From time to time, the U.S. Embassy and Consulates in Saudi Arabia may restrict travel of official Americans or suspend public services for security reasons. Whenever threat information is specific, credible, and non-counterable, this threat information will be made available to the American public. In those instances, the Embassy and Consulates will keep the local American citizen community apprised through the Warden system and make every effort to provide emergency services to U.S. citizens. Warden messages can be found on the U.S. Embassy Riyadh website:

<http://riyadh.usembassy.gov/amcitmessages.html>.

All travelers are encouraged to register their trip online through the Smart Traveler Enrollment Program (STEP) at the following website: <http://travel.state.gov/content/passports/english/go/step.html>. Updated information on travel and security in Saudi Arabia may be obtained from the Department of State by calling 1-888-407-4747 from within the United States and Canada or, from outside the United States and Canada on a regular toll line at 1-202-501-4444. These numbers are available from 8:00 am to 8:00 p.m. Eastern Time, Monday through Friday (except U.S. federal holidays). For additional information, consult the Department of State's Country Specific Information for Saudi Arabia, and Worldwide Caution. U.S. citizens who require emergency services may telephone the Embassy in Riyadh at (966) (11) 488-3800, the Consulate General in Jeddah at (966) (12) 667-0080, or the Consulate General in Dhahran at (966) (13) 330-3200.

Visa Requirements

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A passport valid for at least six months and a visa are required for entry. Visas are issued for business and work, to visit close relatives, and for transit and religious visits by Muslims. Visas for tourism are issued only for approved tour groups following organized itineraries. Airport and seaport visas are not available. All visas require a sponsor, can take several months to process, and must be obtained prior to arrival.

Effective May 2008, the Saudi Ministry of Foreign Affairs agreed to issue 5-year multiple-entry visas to American visitors and students. All Saudi Embassies have the authority to issue the 5-year visas, but only the Saudi Embassy in Washington, D.C. appears to be doing so at this time. In the past, American citizens have reported being refused a Saudi visa because their passports reflected travel to Israel or indicated that they were born in Israel, although this has not happened recently. Women visitors and residents are required to be met by their sponsor upon arrival. Women who are traveling alone and are not met by sponsors have experienced delays before being allowed to enter the country or to continue on other flights.

In order to obtain a visitor's visa for business purposes, a U.S. company representative is required to submit a letter of invitation from a sponsoring entity in Saudi Arabia. The invitation letter must be in Arabic, the American applicant may present a copy of the original letter, and the letter must be on the sponsoring organization's letterhead and must bear an authenticating stamp of the local Saudi Chamber of Commerce. The letter should name the visa applicant, passport number, company name and address, approximate dates of visit, and reason for visit (e.g., business meetings).

It is recommended that the American applicant's company use the company's letterhead when requesting cooperation of the Saudi embassy/consulates in issuing the visa. The visa applicant must apply for and receive the visa prior to departing the United States at either the Saudi Embassy in Washington or at Saudi Consulates-General in Houston, Los Angeles or New York City. Once the visa is placed in the passport, it is usually valid for one month and must be used or officially canceled before a subsequent visa will be issued. The visa may be extended at the discretion of the Saudi Embassy or Consulate prior to the expiration date. If the American applicant does not have a Saudi sponsor, the U.S. Commercial Service offices in Saudi Arabia can advise on how to make initial contacts with potential sponsors. Please note that the U.S. Embassy and Consulates-

General cannot sponsor private American citizens for Saudi visas. Please visit the following website: <http://export.gov/saudiarabia/contactus/index.asp>

Occasionally the Saudi consular officer may require the applicant to obtain the visa through a more time-consuming process involving approval by the Saudi Ministry of Foreign Affairs. Women traveling alone, Americans of Arab origin and private consultants are often required to use this process. Resident visas also are available through a separate process.

It is worth mentioning that travelers with an Israeli visa in their passport are likely to be denied a Saudi visa. If a traveler already has an Israeli visa in his/her passport, it is highly recommended that the traveler obtain a new passport prior to requesting a Saudi visa. Further, if a traveler arrives at the Saudi Arabian immigration desk with an Israeli visa or entry-exit stamp, it is very possible that Saudi immigration could deny the traveler entry to Saudi Arabia.

A medical report, including an AIDS test, is required to obtain a work and residence permit. This includes a medical certification. For further information on entry requirements, travelers may contact the Royal Embassy of Saudi Arabia in Washington, DC, or one of the Consulates in New York, Houston, or Los Angeles. Please visit the Saudi Embassy website: <http://saudiembassy.net>

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

State Department Visa Website for Saudi Arabia:
<http://travel.state.gov/content/passports/english/country/saudi-arabia.html>

On-line U.S. Non-Immigrant Visa Application Form	https://ceac.state.gov/genniv/
American Embassy in Riyadh	http://riyadh.usembassy.gov/
Saudi Embassy in Washington, D.C.	www.saudiembassy.net

Telecommunications

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Telephone

Country code: 966. A sophisticated telecommunications network and satellite, microwave and cable systems span the country.

Mobile Telephone

International roaming agreements exist with some mobile phone companies. Coverage is mostly good.

Internet

The Saudi Telecommunications Company (STC) provides internet facilities in most cities. E-mail can also be accessed from many hotels and internet cafes. Access is blocked to many web sites featuring sensitive political, religious, and/or social content, or

content that is deemed obscene and anti-Islamic. E-mail traffic may be monitored in certain cases.

Media

Saudi Arabia has very tightly controlled media environment and criticism of the Government, the royal family and religious tenets are not really tolerated-although there are signs of an increasing tolerance emerging. The state-run Broadcasting Service of the Kingdom of Saudi Arabia (BSKSA) is responsible for all broadcasting in the kingdom.

The Minister of Culture and Information oversees radio and TV operations. Viewers in the country's eastern region can pick up TV stations from more liberal Gulf neighbors. The government blocks access to websites that it deems offensive. Newspapers tend to follow the lead of the state-run news agency on whether or not to publish stories on sensitive subjects.

Press

Saudi newspapers are created by royal decree.
Pan-Arab papers, subject to censorship, are available.

The main newspapers include *Al-Hayat*, *Al-Riyadh*, *Al-Jazirah*, and *Okaz*. English-language dailies include Arab News (<http://www.arabnews.com/>) and the Saudi Gazette (<http://www.saudigazette.com.sa/>).

Transportation

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The business centers of Riyadh, Jeddah, and Dammam/Al-Khobar/Dhahran have international airports served by a variety of international airlines. Domestic air service is provided by national carrier, Saudi Arabian Airlines, and one private, low-cost airline, NAS Air.

Short-term male visitors may drive on their U.S. driver's license. American men employed in Saudi Arabia should obtain a local driver's license with the Department of Traffic Police. Women are not allowed to drive or ride bicycles on public roads. Traffic accidents are a significant hazard in Saudi Arabia. Driving habits are generally poor, and accidents involving vehicles driven by minors are not uncommon. In the event of a traffic accident resulting in personal injury, all persons involved (if not in the hospital) may be taken to the local police station. Drivers are likely to be held for several days until responsibility is determined and any reparations paid.

The Uber Transport Company (Uber) is now operational in KSA and is easily accessible through the Uber mobile app.

Language

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The official language of Saudi Arabia is Arabic, but English is widely used in business and some signs and notices. Most road signs are in Arabic, while major highways and streets in major cities display road signs in both Arabic and English.

Health

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Good modern medical care and medicines are available in several hospitals and health centers in major Saudi cities, but only adequate medical care may be available in the outlying areas. Most Western expatriates in major Saudi cities find it adequate for routine care and minor surgery. In recent years, however, medical care has evolved in Saudi Arabia with sophisticated types of treatment, such as open-heart surgery, kidney transplants and cancer treatment, being undertaken. Only a few drugs available in the United States are not available in Saudi Arabia. Many local hospitals and healthcare companies are vying to join with American healthcare providers. In 2005, for example, the Cleveland Clinic set up a joint venture medical center in Jeddah, the International Medical Center, worked on several joint initiatives including e-health, teleconferencing, consultations and continuing education programs. In 2014, the Johns Hopkins University Hospital, in conjunction with Saudi Aramco, started offering health care services for Saudi Aramco employees.

A yellow-fever certificate is required from travelers coming from infected countries. A meningitis vaccine is recommended for incoming to Jeddah and the western region, especially during the annual pilgrimage ritual.

There is a risk of malaria throughout the year in most of the Southern Region and in certain rural areas of the Western Region, except for Mecca and Medina.

Travelers can check the latest health information with the U.S. Centers for Disease Control and Prevention in Atlanta, Georgia. A hotline at 800-CDC-INFO (800-232-4636) and a web site at <http://wwwn.cdc.gov/travel/default.aspx> give the most recent health advisories, immunization recommendations or requirements, and advice on food and drinking water safety for regions and countries. The CDC publication "Health Information for International Travel" can be found at the following website: <http://wwwn.cdc.gov/travel/contentYellowBook.aspx>.

Local Time, Business Hours, and Holidays

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Saudi Arabia's time zone is UTC/GMT+03:00. Saudi Arabia is a Muslim country that requires strict adherence to Islamic principles. Five times a day, Muslims are called to pray in the direction of the holy city Mecca. The prayer times are published in the newspaper and come at dawn, noon, afternoon, sunset and evening. Stores and restaurants close for approximately 30 minutes at these times. When staging promotional events or product demonstrations, one must anticipate these prayer breaks. Business hours vary in different parts of the country. Saudi companies usually close for 2-4 hours in the afternoon and remain open throughout the early evening. Retail stores close for the noon prayer and reopen around 4:00 P.M. The normal workweek runs from Sunday through Thursday. Friday is the Muslim holy day.

Work Week:

U.S. Embassy:	08:00 - 17:00 Sun.-Thurs.
Saudi Government:	08:00 - 14:30 Sun. to Thurs.
Banks:	09:00 - 17:00 Sun. to Thurs.
Businesses:	08:00 - 12:00 and 16:00 – 20:00 Sun. to Thur.

There are two Islamic religious holidays during which most businesses close for at least three working days and all government offices close for a longer period. During these holidays it is very difficult to make contacts or transact business:

The *Eid al-Fitr* holiday occurs at the end of the holy month of Ramadan (month of fasting). The next *Eid al-Fitr* holiday will begin on or about July 19, 2015.

Eid al-Adha celebrates the time of year when pilgrims arrive from around the world to perform the pilgrimage to Mecca, or *Hajj*. The next *Eid al-Adha* holiday will begin on or about September 22, 2015.

During Ramadan, Muslims abstain from food and drink during daylight hours. Office hours are shortened and shifted to the evening, and people may be affected by the fasting and customary late night social gatherings. During Ramadan, business travelers should not drink, eat, or smoke in public during daylight or in the presence of fasting Muslims. Major hotels offer special daytime food services for their non-Muslim guests.

The complete list of U.S. and local holidays observed by the U.S. Embassy and Consulates General in Saudi Arabia can also be found on U.S. Embassy website at: <http://riyadh.usembassy.gov/holidays.html>

Temporary Entry of Materials and Personal Belongings

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For temporary entry of goods for promotional purposes, importers need an invoice with the value of the goods endorsed by the local Chamber of Commerce or the U.S.-Saudi Business Council and a certificate of origin also to be authenticated by one of the aforementioned entities. The invoice should state that the goods are being imported for exhibition purposes only and will be re-exported.

Saudi Customs requires a deposit for these goods (equivalent to the applicable tariff rate on the total value of the goods). This deposit is refundable when the exhibition is over and upon showing a document that the owner of the equipment officially participated in a trade show. Additionally, the customs authorities will collect handling charges. Reimbursement takes between two to four weeks. If the goods are meant for demonstration purposes to a Government entity, a letter from that entity is required indicating the nature and purpose of the goods.

Web Resources

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[Travel advisories and warnings](#)

[United States Embassy](#)

[U.S. Commercial Service in Saudi Arabia](#)

[U.S. Embassy Riyadh warden messages](#)

[Consular information on Saudi Arabia](#)

[Royal Embassy of Saudi Arabia in Washington, DC](#)

[World Health Organization \(WHO\) traveler and vaccination information](#)

[Centers for Diseases Control and Prevention \(CDC\) traveler information](#)

[Saudi Arabian Airlines](#)

[Saudi Railways Organization \(SRO\) passenger rail service](#)

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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U.S. Government

[U.S. Commercial Service in Saudi Arabia](#)
[U.S. Embassy Riyadh, Saudi Arabia](#)
[U.S. Consulate-General Dhahran](#)
[U.S. Consulate-General Jeddah](#)
[U.S. Dept. of Commerce](#)
[U.S. Dept. of State](#)

Government of the Kingdom of Saudi Arabia

Embassy of Saudi Arabia in the USA: <http://saudiembassy.net/>

Ministries

[Ministry of Agriculture](#)
[Ministry of Commerce and Industry](#)
[Ministry of Foreign Affairs](#)
[Ministry of Education](#)
[Ministry of Health](#)
[Ministry of Finance](#)

Ministry of Defense

Airport Road, Riyadh 11165
TEL: 966-11-478-5900/11-477-7313 FAX: 966-11-401-1336
Jeddah Office TEL: 966-12-665-2400

[Ministry of Interior](#)
[Saudi Arabia National Guard \(SANG\)](#)
[Ministry of Economy and Planning](#)

Ministry of Municipal and Rural Affairs

Nasseriya Street, Riyadh 11136
TEL: 966-11-441-5434
Jeddah Office TEL: 966-12-667-4387

Housing and public works:
Washem St., Riyadh 11151
TEL: 966-11-402-2268/ 11-402-2036

Ministry of Transportation

Airport Road, Riyadh 11178

TEL: 966-11-404-2928/11-404-3000 FAX: 966-11-403-1401

Jeddah Office TEL: 966-12-665-1511

Ministry of Labor

Omar Bin Al-Khatib Street, Riyadh 11157

TEL: 966-11-477-1480/11-478-7166 FAX: 966-11-477-7336

Jeddah Office TEL: 966-12-642-4626

Ministry of Petroleum and Mineral Resources

PO Box 757, Airport Road, Riyadh 11189

TEL: 966-11-478-1661/11-478-1133 FAX: 966-11-479-3596

Jeddah Office TEL: 966-12-643-31331

Ministry of Water and Electricity**Agencies:**

Saudi Customs Authority

Saudi Ports Authority

Saudi Arabia Standards Organization (SASO)

General Authority for Civil Aviation (GACA)

Presidency of Meteorology and Environmental Protection

Saline Water Conversion Corporation

Saudi Arabia General Investment Authority (SAGIA)

Supreme Economic Council

Saudi Arabia Monetary Agency (SAMA)

Capital Market Authority

Public Investment Fund (PIF)

Saudi Fund for Development (SFD)

Saudi Industrial Development Fund (SIDF)

Saudi Arabia Basic Industries Corp. (SABIC)

Saudi Aramco

Aramco Services Company- Houston

King Abdulaziz City for Science and Technology (KACST)

Royal Commission of Jubail and Yanbu

Saudi Food and Drug Authority (SFDA)

Saudi Mining Company (Ma'aden)

Saudi Public Transport (SAPTCO)

Central Department of Statistics and Information

Department of Zakat and Income Tax

Communications and Information Technology Commission (CITC)

Arab Satellite Communications Organization

Saudi Electricity Company (SEC)

National Water Company

Saudi Press Agency

Saudi Telecommunications Company (STC)

Saudi Arabian Railroad (SAR)

Chambers of Commerce and Foundations

[U.S.-Saudi Arabian Business Council](#)
[Middle East Council of American Chambers of Commerce](#)
[Council of Saudi Chambers of Commerce and Industry](#)
[Riyadh Chamber of Commerce and Industry](#)
[Jeddah Chamber of Commerce and Industry](#)
[Eastern Province Chamber of Commerce](#)
[King Faisal Foundation](#)

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

<http://www.buyusa.gov/saudiarabia/ServicesforSACompanies/index.asp>

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Chapter 10: Guide to Our Services

SelectUSA:

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring. The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG).

SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level. Services include:
Information Assistance:

SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market. SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:

<http://selectusa.commerce.gov/>

National Export Initiative:

The President’s National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government’s trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: www.export.gov/saudi-arabia

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(800) USA-TRAD(E)**.

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